



House Policy Committee

House Positions on Key Issues **Facts, Analysis, and Background**

November 1998

Rep. Christopher Cox, Chairman



House Policy Committee

Christopher Cox, Calif.
Chairman

November 1, 1998

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Dear Republican Colleague:

With the adjournment of the 105th Congress, I wanted to take this opportunity to provide you with a complete copy of the Policy Statements and Policy Perspectives issued by the Policy Committee during the last two years.

In addition, all Policy Committee writings are available to you—and your constituents—from the Committee, as well as at the Policy Committee's website, <http://policy.house.gov>. If you have any questions on these writings, or on any matter of domestic or foreign policy, please do not hesitate to contact me or the Committee's staff at 5-6168.

Sincerely,

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The Two-Year Agenda for the 105th Congress: Mission Accomplished

Creating a Better America for Ourselves and Our Children

This Agenda was announced at the beginning of the 105th Congress. Agenda items are in normal type; actions taken to accomplish the agenda are in *italics*. Please note this is a partial listing; with thousands of bills and hundreds of votes, it's impossible to list every achievement.

1. Balance the federal budget

When the Republican majority took office four years ago, we made balancing the budget our top priority because we realized that out-of-control federal spending and debt were blocking progress on the issues facing America. In 1998, for the first time in a generation, the federal government not only balanced its books, but ran a \$71 billion surplus—after Congress in 1997 gave the American people the first tax cut in 16 years, including a \$500-per-child tax credit, Roth IRAs, a one-third cut in the capital gains penalty tax on savings and investment, and death tax relief for farmers and small businesses.

We've come a long way. In 1993, Bill Clinton's first budget contained the largest tax increase in American history and called for a 1998 deficit of \$241 billion. In 1995, his budget still called for \$200 billion deficits far into the future. His 1998 budget called for 85 new spending programs, \$150 billion in new spending, \$129 billion in new taxes, and a deficit of \$10 billion.

But in 1994 and again in 1996, the American people elected a Congress committed to economic growth through balanced budgets, lower taxes, and leaner government. And Congress has delivered. Since November 1994, when the new majority was first elected, the budget has swung from a \$203 billion deficit to a \$71 billion surplus, with continuing surpluses projected for years to come. Confidence in Congress' fiscal discipline has slashed long-term interest rates from 7.8% in 1995, when we took office, to about 5.2% today. This interest-rate decline has saved the typical family a whopping \$50,850 on a home mortgage, \$900 on an auto loan, and \$1,438 on a student loan.

And that's on top of the billions that our 1997 tax cuts are returning to American taxpayers through the \$500-per-child tax credit, education tax credits, the Roth IRA, and cuts in the penalty tax on savings and investment ("capital gains"), and the death tax.

*But much more must be done. Clinton veto threats prevented the Senate from passing broad-scale tax relief this year, although the House in May 1998 passed a **\$100 billion tax cut** targeting the Marriage Penalty and other middle-income tax relief. Despite unanimous Republican support, the Clinton White House worked to block the **Balanced Budget Amendment** by a single vote in March 1997, preventing enactment of*

the procedural safeguard that could lock in the fiscal discipline this Congress has fought to impose.

*And opposition from President Clinton and Congressional Democrats has blocked enactment of an overhaul of the broken budget process, which has heaped up \$5.5 trillion of debt. **In 1997, the President vetoed legislation that would have prevented future government shutdowns and guaranteed that if Congress and the President failed to reach a budget agreement, federal programs would be funded at current levels.***

Congress will address each of these items when we return in January 1999.

- *We will pass broad-based tax relief.*
- *We will pass the Balanced Budget Amendment to the Constitution with a 2/3 vote.*
- *We will overhaul the broken budget process, and end the threat of government shutdowns.*

2. Improve learning for all Americans

*Education has been a top priority for this Congress. Since 1997, we have enacted legislation improving every facet of education, including the **Higher Education Act**, the **Workforce Investment Act**, and the **Reading Excellence Act**. We also passed legislation addressing special education, loan forgiveness for new teachers, quality teaching grants, emergency student loans, school nutrition, charter schools, quality Head Start, vocational education, and community services block grants--all told, some 14 major initiatives.*

But Clinton opposition killed another eight key measures: A+ Education Savings Accounts, Dollars to the Classroom Block Grants, teacher testing, prepaid college tuition plans, a scholarship program for thousands of D.C. families and children, bilingual education reform, our school construction plan, and our safe schools program.

Despite such obstacles, the 105th Congress compiled an historic record on education. At the beginning of this Congress, we outlined three specific goals. Here's how we carried them out:

- *Get more resources to teachers and students for classroom learning and keep fewer in Washington.*

*On September 26, 1998, the House passed historic school construction legislation as part of the **"90-10 Taxpayer Relief Act,"** the bill that locked in 90% of the surplus to save Social Security. Instead of the flawed Clinton school construction plan--the bulk of which was a temporary, 2-year fix for only 100 mostly urban school districts--the 90-10 plan provides permanent help to all school districts. It reforms the rules governing tax-exempt bonds to spur school construction and renovation, as well as streamlining the rules to make it much easier for educators to comply with them. 92% of House*

Republicans supported this school construction initiative; 88% of House Democrats opposed it.

*On September 18, 1998, the House passed the **Dollars to the Classroom Act**, H.R. 3248, which consolidates 31 Washington-based federal education programs into a single, flexible grant program for states and communities. It gives school districts the flexibility--without federal red tape--to buy computers, build more classrooms, or hire more teachers, depending on their own specific needs. And by eliminating bureaucracy, it increases funding to schools: on average, each classroom would receive an additional \$425 a year. By law, 95% of each state's grant must be spent on classroom activities and services. The bill passed the House by a vote of 212-198, and 205 of the 212-vote majority were Republicans. The President announced that he would veto the bill.*

*The Dollars to the Classroom Act builds on **H.Res. 139**, which passed the House on October 29, 1997. This legislation called for at least 90% of the Education Department's elementary and secondary education funds to be spent in the nation's classrooms--not in Washington, D.C. (Currently, over a third of these funds never reach the classroom.) Every House Republican supported this reform; almost half of House Democrats opposed it.*

*In the **FY 1999 Labor-HHS appropriation**, Congress provided \$1.1 billion to reduce class size--matching the President's proposal for 100,000 new teachers, but blocking both his attempt to channel the funds through the education bureaucracy and his effort to bar the use of the funds for teaching children with special needs. Congress insisted that the funds be controlled at the local level, and that local educators be given the flexibility to use them for reducing class size with quality teachers--including special education teachers and teachers of children with special needs.*

On September 11, 1997, the Senate voted to give local school districts complete control of \$12 billion in federal elementary and secondary aid programs for one year--a reform killed by President Clinton's veto threat.

*H.R. 6, the **Higher Education Act** that Congress passed in September 1998, will cut interest rates on college student loans, boost Pell Grants from \$3,000 to \$5,800 by 2003, forgive loan debts for graduates who teach in poor urban or rural school districts, and improve accountability by requiring schools of education to disclose how well their graduates do on teacher certification tests. The new interest rate provision alone will result in hundreds or thousands of dollars in savings for students.*

*The **Child Nutrition Reauthorization Act of 1998** (H.R. 3874) reforms and improves Federal child nutrition programs by increasing flexibility for state and local providers, expanding nutrition services in after-school care programs for low-income and at-risk children, reducing program fraud and abuse in the WIC program, and modifying the Summer Food Program to encourage greater participation by private, nonprofit organizations.*

- Enhance local and parental control of education.

*The House passed the **D.C. Student Opportunity Scholarship Act** on April 30, 1998. It provides 2,000 tuition scholarships to help low-income families in the District of Columbia send their children to the school of their choice, as well as providing extra tuition assistance for 2,000 public-school students. Unfortunately the President killed this legislation because of opposition by the education bureaucracy. A House Policy Perspective explains why the President should have signed this legislation instead of denying needed assistance to local students.*

*As part of the Taxpayer Relief Act of 1997, Congress--over the President's strong objection--created **A+ Savings Accounts** for college expenses. In 1998, Congress passed new legislation--the **Education Savings and School Excellence Act**--to allow parents to use these A+ Education Savings Accounts for K-12 school expense. This legislation gives parents more flexibility to send their children to the school of their choice by providing substantial tax savings on money used to pay for K-12 schooling. Parents could use the extra money for tuition, transportation, school uniforms, or even a home computer. In addition, the bill provides incentives for states to implement merit pay for teachers and teacher testing, and strengthened the Safe Schools anti-gun program. Unfortunately President Clinton vetoed this valuable reform.*

H.R. 2846, a ban on federalized national testing programs, bars Administration attempts to impose new, unvalidated Federal testing without specific and explicit congressional authority. The fast-track nature of the White House-initiated national testing proposal has alarmed educators and policymakers alike. This legislation reasserts the principle of local control, the hallmark and strength of American education.

- Cut education red tape and excessive bureaucracy, and work with local educators to help children master the basics in academics.

*H.R. 2206, the **Head Start bill**, will improve this program through a renewed emphasis on quality and accountability. It increases resources available for teachers and teacher training, and provides for new performance standards.*

*H.R. 2535, the **Emergency Student Loan Consolidation Act of 1997**, became law as part of the 1997 Labor, HHS, Education Appropriation (P.L. 105-78) on November 13, 1997. H.R. 2535 makes it easier for borrowers to lower payments by consolidating student loans and updates loan eligibility status to take recently enacted education tax credits into account.*

*The **Reading Excellence Act** (H.R. 2614) passed the House on November 8, 1997 and the Senate on October 6, 1998. H.R. 2614 provides \$260 million in grants for programs that will help ensure that every child can read as soon as they are ready, and not later than the end of the third grade. The bill focuses on improving the teaching of reading in our nation's neediest schools.*

*H.R. 2616, the **Charter Schools Amendments Act** of 1997, became law on October 22, 1998. H.R. 2616 provides \$100 million annually to help charter schools, cutting in half the percentage of funds that can be spent by the Education Department.*

Charter schools, which cut red tape and bureaucracy, will help provide parents with more choice concerning their children's education.

*The **Employment, Training and Literacy Enhancement Act** of 1997 (H.R. 1385) became law on August 7, 1998. H.R. 1385 provides three block grants for the consolidation of 60 federal training programs, thereby sending federal funds for education and training directly to the localities that can use them most effectively.*

*H.R. 1853, the **Carl D. Perkins Vocational-Technical Education Act** Amendments of 1997, reforms vocational-technical education programs by repealing 35 programs and burdensome requirements, sending decision-making back to state and local authorities, and protecting the right of home schoolers to educate their children. 90% of the funds must go directly to the local level. The bill awaits the President's signature.*

*H.R. 5, the **Individuals with Disabilities Education (IDEA) Improvement Act of 1997**, reforms and strengthens our nation's special education program. It consolidates 18 programs into six and provides \$50 million in increased resources to help teach children with disabilities. This bill passed the House and became law on June 4, 1997 (P.L. 105-17).*

*The **English Fluency Act**, H.R. 3892, reforms the cumbersome federal bilingual education bureaucracy, providing funds to states to address the needs of English-language learners and ensure that they learn English as soon as possible. It provides local educators greater flexibility in choosing methods of instruction. And it requires that parents give their consent before their child is placed in a class for English language learners.*

*The two education provisions included in the **Taxpayer Relief Act of 1998**, H.R. 4579, would improve both higher education and elementary and secondary education. Under the bill, private higher education institutions would be permitted to establish prepaid tuition programs. (At present, only state-supported schools may do so.) In addition, at the elementary and secondary level, school districts would be allowed to keep additional school-construction funds (rather than rebate them to the Federal government) where the proceeds of school construction bonds are spent within four years. This bill, which would provide an important boost to school construction, passed the House on September 26, 1998, but unfortunately was blocked by a Presidential veto threat.*

*The **Workforce Investment Act**, P.L. 105-220, consolidates more than 60 federal training programs through the establishment of three block grants to the states for adult employment and training, disadvantaged youth, and adult education and literacy programs. Emphasis is placed on long-term academic improvement and occupational training, eliminating numerous federal requirements, including duplicative and costly planning, paperwork and reporting requirements, and bureaucracy.*

*On July 17, 1998, the House Education Committee adopted the final report of the 3-year Crossroads Project, "**Education at a Crossroads**," a top-to-bottom review of existing federal education programs. The study found that there were more than 760 federal education programs, which span 39 agencies, boards, and commissions, and cost the American taxpayer nearly \$100 billion annually. Only a small number of these programs are related to improving academic achievement in the classroom. As a result of this project, it became clear that successful schools were not the product of federally-designed programs, but rather were characterized by parental involvement, local control, emphasis on basic academics, and dollars spent in the classrooms, not on bureaucracy.*

3. Strengthen America's families

The 105th Congress passed landmark legislation to strengthen and defend America's families, including not only critical education and tax reforms like the \$500 per child tax credit and A+ Education Savings Accounts but abolition of the marriage penalty, adoption reform, bans on partial birth abortion and federally funded assisted suicide, criminal penalties for deadbeat parents, and critical reforms to ensure retirement security for all Americans. Here are the goals we set for ourselves in 1997, and our progress in accomplishing them:

- Pass the Working Families Flexibility Act to permit working women and men to take time off--using overtime--for family and medical emergencies and other personal needs.

*H.R. 1, the **Working Families Flexibility Act**, reforms decades-old law to permit working women and men, at their option, to take time off--using overtime--for family and medical emergencies and other personal needs. It passed the House, 222-210, March 19, 1997. A similar measure (S. 4) introduced by Sen. John Ashcroft in the Senate was blocked by Senate Democrats from reaching the floor in May and June 1997. (Clinton announced he would veto this reform.)*

- End partial birth abortions.

*H.R. 1122, the **Partial-Birth Abortion Ban Act**, which would outlaw this gruesome procedure, passed the House by a veto-proof margin of 295-136 on March 20, 1997, and passed the Senate by a strong 64-36 margin on May 20, 1997. This bipartisan legislation, which was vetoed by the President in the 104th Congress, was passed by the House 296-132 on October 10, 1997, after taking into account Senate amendments endorsed by the American Medical Association. On October 10, 1997 President Clinton once again vetoed the measure. The House voted to override the President's veto 296-132 on July 23, 1998, the Senate failed to override the veto by just three votes on September 18, 1998. 51 of 55 Senate Republicans voted to override; 32 of 45 Senate Democrats voted with the President.*

*The **Child Custody Protection Act**, H.R. 3682, outlawed the transportation of minors across state lines for abortions when done to evade state laws providing*

for parental involvement in their children's abortion decisions. This important legislation passed the House by 276-150 on July 15, 1998, but was blocked in the Senate by a Democratic filibuster.

*A further key pro-life bill passed by Congress, the **Assisted Suicide Funding Restriction Act of 1997** (P.L. 105-12), ensures that no federal funds or facilities can be used to provide or promote assisted suicide.*

- Fight child abuse and neglect and streamline the adoption process.

*The House passed H.R. 867, the **Adoption Promotion Act of 1997**, 416-5, on April 30, 1997, and the Senate approved the measure November 8, 1997. The bill became law (P.L. 105-89) on November 19, 1997. The bill streamlines the cumbersome adoption process for foster children to ensure that more vulnerable children are placed in permanent, stable, and loving homes.*

*The **Deadbeat Parents Punishment Act** (P.L. 105-187) makes it a felony to evade child support by moving to another state or country, or failing to provide child support for more than two years. The bill became law on June 24, 1998.*

*The **Child Online Protection Act of 1998** was passed by Congress as part of the FY 1999 omnibus appropriations legislation on October 19, 1998 and became law on October 21, 1998; it protects children from material harmful to minors by making it a crime to make such material available to them.*

*In October 1998 Congress also passed a new law to crack down on criminals who seek out minors over the Internet. The **Child Protection and Sexual Predator Punishment Act** makes it a crime--punishable by up to 10 years in prison--to use the Internet to sexually solicit minors or to knowingly send obscene material to a person under the age of 16.*

- Protect the rights of people of faith.

*The House Judiciary Committee Constitution Subcommittee held a series of hearings on how best to protect Americans' First Amendment right to the free exercise of religion in June and July, 1997. H. J. Res. 78, the **Religious Freedom Amendment**, was reported by the House Judiciary Committee 16-11 on March 4, 1998 and won a majority in the full House on June 4, 1998. (The constitutional amendment failed to win the two-thirds approval necessary to send it to the states for ratification.)*

*The **Freedom from Religious Persecution Act** of 1998, H.R. 2431, passed the House on May 14, 1998, and the Senate on October 9, 1998, and has been sent to the President for signature. The Act focuses responsibility for identifying and responding to religious persecution in a new State Department office, as well as providing a list of potential sanctions for countries engaged in religious persecution. It also extends new protections to individuals seeking asylum in this*

country on the basis of religious persecution, and bars religious persecutors from this country.

*The **Religious Liberty and Charitable Donation Protection Act** (P.L. 105-183) amends the bankruptcy laws to protect bona fide charitable contributions from being voided in bankruptcy.*

- Ensure retirement security, including expanding availability of IRAs, removing impediments to expanded pension coverage, and ensuring greater retirement savings for all workers, while protecting current retirees.

*The **Balanced Budget Act of 1997** and the **Taxpayer Relief Act of 1997** accomplished all of these goals. Congress has expanded the availability of individual retirement accounts allowing hundreds of thousands more Americans to contribute on a tax-favored basis to their own IRAs. Congress also increased the IRA contribution limits to allow more people to take advantage of existing IRAs and created new "American Dream" IRAs that allow tax-free withdrawals for first-time home buyers and college-bound kids.*

*In addition, H.R. 1377, the **SAVER (Savings Are Vital to Everyone's Retirement) Act**, which passed the House on May 22 and the Senate on November 7, 1997, directs the Labor Department to undertake outreach efforts to encourage retirement savings. The bill also directed the White House to hold National Summits on Retirement Savings in 1998, 2001, and 2005. The SAVER Act became Public Law 105-92 on November 19, 1997.*

- Make the Social Security Trust Fund safe and secure.

*On September 26, 1998 the House passed the "**90-10 Taxpayer Relief Act**," which provides tax relief for millions of married couples, savers, small business owners, and senior citizens. The 90-10 plan dedicates 90% of the projected federal surplus--an estimated \$1.4 trillion over 10 years--to saving Social Security, while returning 10% (about \$80 billion over five years) to taxpayers.*

*On September 25, 1998 the House also passed the **Save Social Security Act**, H.R. 4578, which establishes a new "Protect Social Security Account" in the U.S. Treasury. The account will save budget surpluses until a reform measure can be considered to ensure the long-term solvency of Social Security.*

4. Increase family income by lifting the burden of excessive taxes from working Americans

On Sept. 2, 1997, the Congressional Budget Office reported that taxes have risen to 20% of GDP--the highest since World War II. This record-breaking federal involvement in the economy, thanks in large part to the 1993 Clinton tax increase, means taxpayers are working harder for fewer after-tax rewards. Lower tax rates are critical to our nation's fiscal health.

*The 105th Congress has cut the tax burden on all Americans, with the vast majority of relief going to middle-income workers. Our **Taxpayer Relief Act of 1997** cut taxes by \$185 billion, including a \$500 per child tax credit, education tax credits, and reduction in both the death tax and the "capital gains" penalty tax on savings and investment.*

This year, the House targeted the destructive marriage penalty, passing a budget that called for more than \$100 billion in tax cuts to address this and other unfair penalties on families. Unfortunately, the President--while proposing some \$130 billion in higher taxes this year--blocked enactment of any new tax relief.

- Eliminate, or significantly reduce, the "capital gains" penalty on savings and investment.

*The **Taxpayer Relief Act of 1997** (H.R. 2154, which became law on August 5, 1997) reduces penalty taxes on savings and investment for all Americans. Retroactive to May 1997, each saver's investment tax burden will be reduced by at least 25%, and--for lower-income taxpayers--by almost two-thirds. Lower tax rates on savings and investment will help sustain long-run economic growth by encouraging capital investment, risk taking, technical innovation, and job creation.*

Congress has also passed another pro-growth tax cut--the Internet Tax Freedom Act, H.R. 4105. The Act was approved by the House unanimously on June 23, 1998, and became law as part of the FY 1999 omnibus appropriations on October 19, 1998. For a period of three years, the measure prohibits state and local governments from imposing Internet access charges, bars multiple or discriminatory taxes, calls for global free trade on the Internet, and establishes a commission on taxation of Internet commerce.

- Enact tax relief that strengthens and encourages American families.

*The **Taxpayer Relief Act** grants taxpayers a \$500-per-child tax credit and education tax credits. This tax relief--the first significant tax cut for families since President Reagan's tax cuts sixteen years ago--will help millions of American families make ends meet. Nevertheless, federal taxes remain 20% of GDP, the highest since World War II. Further tax rate cuts are essential to continued economic growth and opportunity for all Americans, and are included in the House Budget Resolution passed June 5, 1998. In fact, the Resolution would eliminate the Marriage Penalty, which cost 21 million families an average of \$1,400 in 1996.*

- Repeal or substantially reduce death taxes.

*The **Taxpayer Relief Act** saves jobs in small, family-owned businesses by reducing the death tax. Over the next ten years, the exclusion from the death tax will increase from \$600,000 to \$1 million. For small family businesses and*

family farms, the exclusion will increase to \$1.3 million (\$2.6 million for couples), effective January 1, 1998. Death tax relief will save families' farms, small businesses, and vital life savings from a tax initially designed to apply to Carnegies and Rockefellers. Moreover, it will save jobs that depend upon those small enterprises. A strong, bipartisan coalition continues to push for complete repeal of the death tax. H.R. 902, sponsored by Policy Committee Chairman Christopher Cox, won 207 cosponsors, including House Speaker Newt Gingrich. Death Tax repeal was also a top legislative priority of President Clinton's own White House Conference on Small Business.

- Dramatically simplify tax laws in order to end the IRS as we know it.

*On June 17, 1998, the House passed H.R. 3097, the **Tax Code Termination Act**, by a 219-209 margin. H.R. 3097 will required that the existing, cumbersome code be replaced by December 31, 2001.*

- Audit the IRS, including insisting on audited financial statements, accounting for the \$4 billion failure of the IRS's bungled computer system, and exposing improper use of IRS authority against taxpayers.

*On November 6, 1997, the House passed H.R. 2676, Chairman Bill Archer's **Internal Revenue Service Restructuring and Reform Act of 1997**, by the overwhelming margin of 426-4. The measure shifts the burden of proof in the U.S. Tax Court from the taxpayer to the IRS--granting audited citizens the same rights as citizens faced with criminal charges. H.R. 2676 also establishes an IRS governing board dominated by private-sector professionals, makes it easier for citizens to sue the IRS, discourages adding any more complexity to the tax code, and makes it a felony to order audits for political reasons. The Senate passed the measure 97-0 on May 7, 1998, and it became law on July 22, 1998.*

*The **Taxpayer Browsing Protection Act**, signed into law by President Clinton on Aug. 5, 1997, makes it unlawful for the IRS or other federal employees to look at tax returns or tax-return information without authorization.*

*The Ways and Means Committee and the Government Reform Committee have each begun investigations into the IRS's waste of \$4 **billion** of taxpayer money on a computer system that was never put into service.*

5. Improve access to quality health care

*On July 24, 1998, the House passed the **Patient Protection Act of 1998**, H.R. 4250, a common-sense, market-oriented reform of our rapidly changing health care system. The bill guarantees patients increased access to the affordable health care they need, when they need it most, by holding insurance companies accountable. Its innovative reforms, including expanded Medical Savings Accounts, HealthMarts, and Association Health Plans, make health care more affordable. It guarantees access to OB-GYNs and pediatricians rather than bureaucratic gatekeepers, and lifts "gag rules" imposed on doctors.*

- Save Medicare from impending bankruptcy.

The July 29, 1997 budget agreement ensures the solvency of the Medicare Trust Fund for 10 years. The agreement improves Medicare by creating tough anti-fraud procedures, modernizing its payment system, and expanding choices for seniors.

- Improve the quality and coverage of Medicaid through greater state flexibility in order to increase access for children and others.

The 1997 budget agreement overhauled federal mandates preventing states from providing the widest access to health care for uninsured children. States will be granted automatic waivers to provide health care by the most efficient means possible; no longer will they be required to wait for Washington regulators to approve urgent improvements to the Medicaid system.

- Promote wellness through enhanced disease research and improved Medicare preventive benefits (for example: diabetes and breast cancer screening) and oversight of NIH.

The 1997 budget agreement adds long-term cost-saving health benefits to Medicare, such as mammography, pap smears, diabetes, prostate and colorectal cancer screening, bone density measurement, and vaccines. The Act additionally benefits older Americans in the prevention of osteoporosis by covering bone mass measurements and management of diabetes through the coverage of blood glucose monitors and testing strips.

- Ensure access to Medical Savings Accounts.

*The 1997 budget agreement gave seniors expanded health care options, including enrollment in tax-free Medical Savings Accounts, which allow individuals to manage their own routine health care expenses and purchase insurance for expensive treatments or catastrophic illnesses. Moreover, on July 27, 1998, the House passed the **Patient Protection Act**, H.R.4250 (see above), which would expand the availability of Medical Savings Accounts and make them permanent.*

- Modernize the Food and Drug Administration to speed up approval of medical advances that save lives.

*The President signed the **Food and Drug Administration Modernization and Accountability Act of 1997** (Public Law 105-115) on November 21, 1997. This bill, which the House passed October 7, 1997 as H.R. 1411, makes the approval process for new drugs and medical devices faster and safer. Responding to previous FDA deficiencies, it concentrates FDA resources on reviewing high-risk products and expanding access to experimental drugs and devices for seriously ill people who have exhausted all alternatives available through regular treatments. The bill also permits off-label drug use and implements a pilot program for third-party review of medical devices.*

6. Increase economic growth and create jobs through regulatory reform

- Adopt commonsense regulatory reform based on the principles of flexibility, consensus, private property ownership, free enterprise, local control, sound scientific evidence, and the latest technology.

On March 13, 1997, the House passed H.R. 852, the ***Paperwork Elimination Act***.

The bill advances the use of non-paper-dependent information technologies by requiring that federal agencies provide the option of electronic submission of information, electronic compliance with regulations, and electronic disclosure of information to all who must comply with federal regulations.

*On May 6, 1998, the House approved H.R. 1872 , the **Communications Satellite Competition and Privatization Act**, 403-16. This measure will cut the cost of distance communications. One study concluded that the privatization of Intelsat and the elimination of Comsat's monopoly over U.S. access to Intelsat services will save U.S. consumers \$4 billion over ten years. Worldwide, savings are expected to total \$7 billion over the same period.*

*On July 16, 1998, two bills improving the Occupational Safety and Health Agency (OSHA), H.R. 2864, the **OSHA Compliance Assistance Act of 1998**, and H.R. 2877, a bill **to end OSHA enforcement quotas**, became law. The OSHA bills will, collectively, establish and fund consultation programs, allow employers to identify OSHA violations, and end the unfair practice of citation quotas for inspectors. The bills, which are the first OSHA reforms in almost 23 years, represent achievements for businesses, employers, and employees as they refocus OSHA on prevention and cooperation.*

- Work to introduce competition into the American electricity marketplace.

The House Commerce Committee has worked intensively over the past two years on legislation to allow competition and choice in the electricity industry. Competition and choice will force electricity producers to operate more efficiently--meaning less pollution and lower electric bills.

- Encourage greater competition in financial services by modernizing outdated regulations.

*H.R. 10, the **Financial Services Act**, passed the House 214-213 on May 13, 1998. The bill overhauls 60-year-old regulations on banks, securities firms, and other financial service providers. A clear majority of the Senate endorsed Senator D'Amato's companion legislation, but the Senate was unable to complete work on the bill in this session. Congress will take up financial services modernization as a first order of business next year.*

- Encourage state and local governments to review all unfunded mandates.

From Medicaid to welfare to education, Congress is consulting with governors, mayors, state legislators, and educators to pass legislation that taps the innovation of state and local officials and private citizens to meet our nation's challenges.

- Ensure full compliance with the Results Act to force government to meet set performance standards.

Congress is encouraging federal agencies to develop--often for the first time--strategic plans that clearly define the purposes, operations, and goals of their programs. Strategic planning is one of the most critical tools of private and non-profit sector management, and will help our federal government deliver more efficient service to the American taxpayer. The first phase of the Results Act, including strategic planning, consultation with Congress, and the submission of final agency reports, was completed on September 30, 1997. The agencies' efforts were abysmal, with 19 of 24 agencies failing to comply with fundamental requirements of the Results Act. Congress, which has held at least 23 hearings using the Results Act since February 1997, will redouble its enforcement efforts.

7. Fight gang violence and drugs

- Prevent juvenile crime and target gangs and hard-core juvenile offenders.

*H.R. 3, the **Juvenile Crime Control Act**, creates a consolidated block grant to help states fund juvenile crime control activities, and gives state and local officials the flexibility they need to make the best use of these resources. H.R. 3 was passed by the House, 286-132, on May 8, 1997.*

*H.R. 1818, the **Juvenile Crime Control and Delinquency Prevention Act**, reforms the federal system to make it easier to treat juveniles as adults, and provides states with the incentives and means to crack down on violent juveniles in their own jurisdictions. H.R. 1818 passed the House, 413-14, on July 15, 1997.*

The FY 1999 omnibus appropriations bill provides some \$535 million for juvenile crime prevention programs.

- Renew our commitment to stigmatize drug use, focusing on fighting drugs at the local level.

On March 24, 1998, House Speaker Newt Gingrich named Illinois Rep. J. Dennis Hastert as chairman, and Ohio Rep. Rob Portman and Florida Rep. Bill McCollum as co-chairmen, of the Speaker's Task Force for a Drug-Free America. The task force advanced a comprehensive legislative strategy to address the problem. Issues to be addressed include expanding the authority of the "Drug Czar," developing a World War II style victory plan in the war on drugs, sealing off U.S. borders to illegal drug shipments, apprehending and prosecuting drug dealers, and reducing demand for drugs here at home.

*H.R. 956, the **Drug-Free Communities Act of 1997**, helps communities across the country stop drug use among America's youth by providing grants to areas that have established sustainable and accountable anti-drug efforts involving their entire communities. H.R. 956 passed the House, 420-1, on March 22, 1997, passed the Senate, June 18, 1997, and became law on June 27, 1997. The FY 1999 Treasury Appropriation doubles the funding for this Act.*

- Restore needed resources for the war on drugs.

The Fiscal Year 1998 and 1999 House appropriations bills dramatically expand the War on Drugs, providing law enforcement with more than \$16 billion to combat drug use and supply on the streets and along the borders. This includes almost \$200 million for a national media campaign targeting youth drug use, \$54 million for new narcotics detection technology, and some \$185 million for attacking crime in high-intensity drug trafficking areas.

8. Community renewal and investment

- Help people move from poverty to prosperity by enacting community renewal initiatives, including reform of public housing; promotion of home ownership; educational opportunity scholarships; and incentives to create jobs and facilitate the move from welfare to work, and promote charitable giving.

*H.R. 1031, the **Talent-Watts American Community Renewal Act**, brings moral and family renewal, personal economic empowerment, and increased private charity to our neighborhoods by allowing for up to 100 "Renewal Communities" to be established on a competitive basis in both urban and rural areas.*

*The **Quality Housing and Work Responsibility Act** passed Congress on October 8, 1998 as part of the FY 1999 VA-HUD Appropriations Act. The bill fundamentally reforms the nation's long-troubled public housing system by ending the current penalty for public housing residents who work or marry, as well as imposing a work requirement on residents (other than the elderly, the disabled, and students). It encourages public housing residents to buy their homes. It creates strong incentives for better management of public housing by providing successful housing authorities with more flexibility and putting broken ones under new, competitive management. It allows more of the working poor to have access to public housing, creating working role models for children in such communities and rewarding working parents. And it strengthens housing authorities' ability to expel criminals and fight drugs and gangs.*

- Rebuild America's transportation system to support the 21st century economy.

*A six-year plan to do so, H.R. 2400, the **Building Efficient Surface Transportation and Equity Act**, passed the House 337-80 on April 1, 1998. It was signed by the President and became law (P.L. 105-178) on June 9, 1998.*

- Make Washington, D.C., the finest capital city in the world.

*On June 19, 1997, Rep. Tom Davis, the chairman of the House's D.C. Subcommittee, introduced H.R. 1963, the **National Capital Revitalization and Self-Government Act of 1997**. It fundamentally restructured the relationship between the federal government and the District of Columbia by limiting the District's activities to those normally conducted by cities and ceding typical state activities to the federal government. These reforms are largely included in the Balanced Budget Act of 1997 implementing the July 29, 1997 Congressional budget agreement with the President.*

The Congress also attempted to help District schools, but was thwarted by a Clinton veto. See above.

9. Reform the civil justice system

- Expose and fight against judicial activism.

*The House passed H.R. 1252, the **Judicial Reform Act of 1997**, by voice vote on April 23, 1998. H.R. 1252 will require challenges to state referenda to be heard by a three-judge court, preventing lone judicial activists from overturning the will of the people. The Judicial Reform Act was referred to the Senate Judiciary Committee on May 15, 1998.*

- Reduce the time, expense, and burden of using our courts.

*The Conference Report for the 1998 **Commerce, Justice, State and the Judiciary Appropriations Act** (H.R. 2267), which passed the House on November 13, 1997, includes the Hyde Amendment protecting citizens from unwarranted government prosecution. The Hyde Amendment permits citizens who were prosecuted by the government frivolously or in bad faith to recover attorney's fees and other litigation costs. It was signed into law November 26, 1997.*

- Enact the bipartisan product liability reform and other common sense legal reforms, including protecting charities and local governments from abusive lawsuits.

To meet both goals, the House and Senate are considering far-reaching legal reform measures addressing product liability, securities law, and civil justice reform.

*Rep. Rick White's **Securities Litigation Uniform Standards Act**, H.R. 1689, passed the House 340-83 on July 22, 1998. It promotes interstate commerce by giving savers, investors, and pension holders the protection and efficiency of one national securities law standard. This bill follows up on Chairman Cox's Private Securities Litigation Reform Act of 1995 (H.R. 1058) in the 104th Congress, which passed the House 319-100 to become the only law enacted over President Clinton's veto. This landmark legislation ended lawyer-driven "strike suits"--meritless cases that penalize honest investors, workers, and managers while*

failing to help investors who have genuinely been wronged. (California voters defeated an effort to reverse the effects of H.R. 1058 there by a 74%-26% margin; H.R. 1689 would do for the nation what California voters did for their state.) S. 1260, the Senate version of H.R. 1689, passed the Senate 79-21 on May 13, 1998. The legislation passed Congress on October 13, 1998.

*H.R. 911, the **Volunteer Protection Act of 1997**, passed the House, 390-35, on May 21, 1997. The Senate passed it the same day, and it became law on June 18, 1997. It grants immunity from personal civil liability to volunteers working on behalf of nonprofit organizations and governmental entities.*

*H.R. 1534, the **Private Property Rights Implementation Act**, passed the House 248-178 on October 22, 1997. The bill provides for expedited access to Federal courts for individuals who have had their property taken by federal or state government, thereby providing recourse for citizens victimized by improper takings of their constitutionally protected private property.*

*H.R. 992, the **Tucker Act Shuffle Relief Act**, passed the House 230-180 on March 12, 1998. H.R. 992 enables property owners with a grievance against the government to have their cases heard in a timely fashion by preventing the government from "shuffling" the cases between two federal courts.*

*S. 2392, the **Year 2000 Information and Readiness Disclosure Act of 1998**, was passed by Congress on October 1, 1998 and became law on October 19, 1998. It encourages prompt and accurate disclosure of Year 2000 problems and solutions by protecting honest statements about the issue from being used in court against the person who makes them. The 106th Congress will take up further legislation to avoid an avalanche of meritless Y2K litigation as a top priority in January 1999.*

*H.R. 872, the **Biomaterials Access Assurance Act**, passed both Houses July 30, 1998, and became law on August 14, 1998. This law curbs counterproductive, life-threatening litigation by protecting companies that sell materials to manufacturers of vital medical equipment, like heart valves and artificial joints. Litigation has made it impossible for many companies to provide such materials. In fact, excessive liability has caused 75% of biomaterials firms to ban sales to the U.S. market, raising the cost of health care, boosting insurance premiums, limiting innovation, and blocking efforts to save lives. H.R. 872 is a major step toward reducing these huge costs and improving health care for all Americans by encouraging medical innovation and new health care technology.*

10. Make our environmental protection efforts smarter and more effective

Overall, Congress has provided a record level of support for natural resources and the environment, the highest funding level in history. These funds will ensure that our children and grandchildren inherit an environment in even better shape than it is today.

*H.R. 2107, the FY 1998 **Interior Appropriations bill** that passed Congress on November 4, 1997, provided increased support for both the National Parks and the National Forest System to protect these national treasures. The bill allowed parks, refuges, and forests to keep the fees they collect--allowing them to address maintenance backlogs and meet operational requirements. (It's a surprise to many park visitors, but park entrance fees have been diverted from the parks to Washington, D.C. for years.). H.R. 2107 improved America's wildlife refuges and land and water conservation efforts, continues restoration of the Everglades, and funds a major forest health initiative. It became law November 14, 1997.*

For FY 1999, Congress targeted several needy areas, appropriating \$140 million for Everglades restoration, and increasing the budget for National Park operations by \$99 million, for the Bureau of Land Management by \$55 million, for National Wildlife Refuges by \$18 million, for education and law enforcement related to the environment by \$35 million, and for wildland fire fighting by \$83 million. The increased funding was made possible by reforms of practices that led to costs such as \$800,000 for one restroom at the Delaware Water Gap Park.

The 105th Congress also created tax incentives for environmental conservation as part of Public Law 105-34, the 1997 tax bill (the first significant tax rate cut in 16 years). In that bill, significant incentives were established for landowners to gift their property for conservation in perpetuity--forever protecting the land from development. Such purposes could include "preservation of natural habitat," "preservation of open space for scenic enjoyment of the general public or pursuant to a governmental conservation policy," and "preservation of historically important land or certified historic structures."

The 105th Congress has also conducted extensive oversight of environmental programs, discovering significant problems that can now be addressed--including a shocking \$13 billion U.S. Forest Service maintenance backlog.

The 105th Congress improved the environment on land, at sea, for wetlands and in the air:

Land

*H.R. 4060, the Fiscal Year 1999 **Energy and Water Development Appropriations Bill**, signed into law October 7, 1998, grants \$20.9 billion in new discretionary spending authority to the U.S. Army Corps of Engineers, the Bureau of Reclamation, the Department of Energy, and several independent agencies. Among many key environmental provisions, the bill expands solar and renewable energy programs and accelerates cleanup of badly polluted Department of Energy sites.*

*The **Quincy Library Recovery and Economic Stability Act**, H.R.858, which passed the House 429-1, helps maintain our forests using local plans and initiatives, instead of mandates from Washington bureaucrats. The legislation will implement a pilot program designed by local California environmentalists, community leaders and timber workers to maintain economic stability, improve forest health, and prevent wildfires in the Plumas, Lassen and Tahoe National Forests in California. The bill provides for the*

selective removal of crowded, smaller trees while leaving other, more fire-resistant trees in the forest. It also temporarily defers timber harvests on environmentally sensitive lands. Local environmentalists, elected officials and wood-product companies anticipate that the thinning prescribed in the bill will provide sufficient timber to economically stabilize the local communities. In addition to protecting the forests from future fires, the program will create 2,500 direct jobs per year and 12,250 over the life of the five-year program.

*The **Sonny Bono Memorial Salton Sea Reclamation Act**, H.R. 3267, directs the Secretary of the Interior to reclaim the Salton Sea, an important 30,000-acre environmental preserve located about 130 miles east of San Diego. The Salton Sea is suffering increasing levels of salinity and pollution. Formed in 1905 by the failure of a temporary levee that allowed the Colorado River to flow into the Salton trough for nearly one and one-half years, the Salton Sea is a landlocked body of water that has grown into a unique salt-water ecosystem. Home to numerous species of fish and more than 375 species of birds, the Salton Sea faces serious threats today from salinity and pollution. Though water constantly flows into the Sea, carrying with it naturally occurring salts, industrial chemicals, and other pollutants, water can escape only through evaporation, leaving behind the pollutants and salts. About four million tons of salt go into the Sea every year, and the current salinity level in the water is approximately 25% greater than that of the Pacific Ocean. In the face of these high levels of salinity and pollutants, disease has broken out among numerous species of fish and birds, culminating in the sporadic deaths of hundreds of thousands of birds and millions of fish. Under the legislation, the government will be able to pay the necessary costs to reduce and stabilize the salinity of the Salton Sea, and ensure the safety of its unique ecosystem. The bill passed the House and Senate and was sent to the President for his signature on October 21, 1998.*

*H.R. 1420, the **National Wildlife Refuge System Improvement Act**, which passed the House 407-1 on June 3, 1997, improves the federal management of the 92-million acre wildlife refuge system, thereby benefiting hundreds of species, including nearly 700 kinds of birds, 220 mammals, 250 reptile and amphibians and 200 kinds of fish. H.R. 1420 passed the Senate on September 10, 1997, and it became Public Law 105-57 on Oct 9, 1997.*

- *Under the Act, the mission of the National Wildlife Refuge System—to administer a national network of lands and waters for the conservation, management, and restoration of fish, wildlife and plant resources and their habitats—becomes clearer and more manageable. For example, the Act facilitates resolution of competing uses by establishing a hierarchy of uses for the refuge system based on the following factors: the conservation mission of the system, the purposes of each individual refuge unit, compatible wildlife-dependent recreational uses, and non-wildlife-dependent activities. The Act also provides guidance for the Secretary of the Interior in administering the system, directing him to resolve conflicts in a manner that first protects the purposes of the refuge.*

- *In addition, the Act promotes conservation by directing the Secretary of the Interior to propose comprehensive conservation plans for each refuge in the System (outside of Alaska), with a required maximum 15-year cycle for plan revision. Matters to be considered in plan development will include fish and wildlife distribution and migration patterns, plant populations, archaeological and cultural values, habitat problems, and opportunities for compatible wildlife-dependent recreation. In this way, the Act will help maintain America's precious wildlife both now and in the future.*

*H.R. 1787, the **Asian Elephant Conservation Act**, which unanimously passed the House on October 21, 1997 and the Senate on November 8, 1997, supports Asian nations' programs to boost their now dwindling number of elephants. Moreover, the Striped Bass Conservation Reauthorization Act (H.R. 1658) passed the Senate without opposition on November 10, 1997, and the House on November 13, 1997. It became Public Law 105-96 November 19, 1997.*

- *Approximately 35,000 to 45,000 elephants—listed as "endangered" under the United States' Endangered Species Act—roam in the wild of thirteen Asian nations, including 20,000 to 24,000 in India, 5,000 to 6,000 in Burma, and 2,500 to 4,500 in Indonesia.*
- *The Asian Elephant Conservation Act, which is modeled after the highly successful African Elephant Conservation Act of 1988 and the Rhinoceros and Tiger Conservation Act of 1994, helps protect these majestic creatures by establishing an Asian Elephant Conservation Fund to be administered by the U.S. Department of Interior.*
- *This funding—\$5 million per year for five years—would be in addition to any funds appropriated for African elephants, rhinoceros and tigers, and will be directed towards anti-poaching efforts, conservation management plans, translocation of threatened populations, monitoring of census figures and known populations, and public education for elephant conservation. And, in line with Congressional efforts to ensure that funding is directed at its intended targets, the Secretary of Interior is prohibited from spending more than three percent of the funds for administrative expenses.*

*H.R. 39, the **African Elephant Conservation Act (AECA)**, reauthorized the program that was responsible for rescuing African elephants from the path to extinction. According to co-sponsor Rep. Randy Cunningham, African elephant populations declined from around 1.5 million to 600,000 animals during the 70s and 80s. "Drought, shrinking habitat, and expanding human populations had some part in the decline of the population. But by the mid-1980's, rampant and efficient poaching of elephants for the world ivory trade was found most directly responsible for elephants' endangerment," Rep. Cunningham said. AECA reversed the decline, and H.R. 39, which reauthorizes AECA, became Public Law 105-217 on August 5, 1998.*

*The **Rhinoceros and Tiger Conservation Reauthorization Act**, which was approved in the House by voice vote, is designed to increase U.S. involvement in the international protection of endangered rhinoceros and tigers. The tiger population has decreased from 100,000 in 1900 to just 5,000 today. The rhinoceros population has decreased from 65,000 in 1970 to less than 11,000 today. The legislation continues U.S. participation in international programs designed to combat the illegal poaching of rhinos and tigers and expand conservation programs for these species.*

*H.R. 1270, the **Nuclear Waste Policy Act**, passed the House 307-120 on October 30, 1997. H.R. 1270 creates a permanent, safe, isolated location for the storage of dangerous nuclear wastes.*

*The **Forage Improvement Act**, H.R. 2493, passed the House 242-182 on October 30, 1997 and was sent to the Senate the next day, where it was referred to the Committee on Energy and Natural Resources Subcommittee on Forests and Public Lands. The bill establishes a mechanism for uniform management of livestock grazing on Federal lands, providing ranchers who use the land with needed stability and predictability.*

*On November 19, 1997, the **Wildlife Management Act for U.S. Military Installations** became law as part of the National Defense Authorization Act (H.R.1119). The Act improves the fish and wildlife management on nearly 25 million acres of land under the jurisdiction of the Department of Defense.*

- The measure reauthorizes and improves the law under which land controlled by the Defense Department is managed for fish and wildlife-related conservation and recreational purposes on over 900 U.S. military installations, benefiting nearly 100 federally-listed threatened or endangered species.*
- Specific improvements in the new legislation include: replacing existing conservation plans with integrated ecosystem management plans that encompass all natural resource management activities; requiring all military installations with significant natural resources to prepare and implement integrated plans; requiring that the military ensure that sufficient trained personnel are assigned responsibility to comply with the Act; and facilitating the sustained multi-purpose use of wildlife resources, including hunting, fishing, trapping and non-consumptive uses. To ensure compliance with the legislation, the Secretary of Defense must submit an annual report summarizing the status of these plans.*

*H.R. 2870, the **Tropical Forest Conservation Act**, passed the House on March 19, 1998. The Act facilitates protection of tropical forests by allowing Third World countries to swap portions of their debts to the United States for tropical forest conservation. It establishes a Tropical Forest Facility in the Department of the Treasury to provide for the administration of debt reduction. These benefits will only go to developing countries with tropical forests that have put in place major investment reforms and meet certain environmental policy requirements. The benefits will be used to*

provide grants to non-governmental environmental, conservation, and indigenous peoples' organizations for preserving, maintaining, and restoring tropical forests. It became Public Law 105-214 on July 29, 1998.

Sea

*The **Coral Reef Conservation Act**, H.R. 2233, which unanimously passed the House and awaits Senate action, will create new protections for coral reef ecosystems throughout the world. Nearly 10 percent of the world's reefs have degraded or have been destroyed, and this figure is expected to reach 20 to 30 percent by the year 2010. According to Congressman Jim Saxton, sponsor of the House legislation, "coral reefs worldwide are in great danger from both natural and human-induced causes. In U.S. waters near Florida, six new coral reef diseases have been identified in the last five year and they are spreading rapidly." Coral reefs protect our coastlines from waves, storm surges, coastal erosion, and provide natural shelter for marine habitats. The bill establishes a Coral Reef Conservation Fund, which will support conservation projects benefiting coral reefs worldwide. The bill authorizes \$1 million to be appropriated into the fund annually for the next five years and requires that all grants be matched by other funds on a one-to-one basis. The Coral Reef Conservation Fund will be administered by the Commerce Department and will support coral reef conservation projects conducted by governments, non-governmental organizations, or individuals with relevant expertise. Projects which are sustainable in the long term will receive priority. Grants under this program must be matched by other funds on a one-to-one basis. Administrative costs are capped at 3 percent of the amounts available in the Fund each fiscal year.*

*H.R. 408, the **International Dolphin Conservation Program Act**, which encourages fishing methods that will not harm dolphins, passed the House on May 21, 1997, and became Public Law 105-42 on August 15, 1997. This law will implement an international treaty to protect dolphins and provide ecosystem protections for other marine life in the yellow fin tuna fishery. The legislation, authored by U.S. Rep. Wayne Gilchrest (R-MD), is part of an international effort to protect this valuable species by implementing the provisions of the "Declaration of Panama," which was adopted by 12 nations, including the United States, in October 1995. The nations came together to develop a binding international agreement to protect dolphins and other marine life in the Eastern Tropical Pacific Ocean.*

Other major provisions of the legislation include:

- *Protecting dolphins through more accurate labeling – Under the Act, the words "Dolphin Safe" will really mean "Dolphin Safe. " Before the Act, a "dolphin safe" label could be placed on tuna cans based on the type of fishing gear used to catch the tuna, not based on whether they killed dolphins. Now the "dolphin safe" definition will be based upon the more accurate definition of actual observed mortality; if just one dolphin is killed during a tuna catch, none of the tuna caught could be labeled as "dolphin safe."*

- *Protecting endangered turtles – The old "dolphin safe" definition did not take into account the numerous sea turtles and other species caught as "bycatch" by the dolphin-safe fishing methods. Unfortunately, those "dolphin safe" fishing methods can actually increase "bycatch" mortality as much as 100 times over the level of the new, safer eco-system fishing practices under the Act.*
- *Ensuring International Cooperation – The bill binds the signatory nations to the conservation and management measures enacted by the Inter-American Tropical Tuna Commission, ensuring cooperation to dolphin-safe fishing practices.*

During the past two years, the number of dolphins killed has decreased to about 4,000 per year and the overall dolphin population is now 9.5 million and believed to be stable or increasing. This new law is essential to ensuring the continued protection of dolphins and other marine life in the Eastern Tropical Pacific.

*The **Striped Bass Conservation Reauthorization Act** (H.R. 1658) became law on November 19, 1997. The Act requires a moratorium on fishing for Atlantic striped bass in the coastal waters of a State that the Atlantic States Marine Fisheries Commission and the Secretaries of Commerce and the Interior determine is not complying with the Commission's plan for managing Atlantic striped bass. In order to enforce this moratorium, the Act provides for civil penalties and forfeiture of vessels, gear, and fish. In addition, the Act mandates continuing, comprehensive studies of Atlantic striped bass stocks and a study of the socio-economic benefits of the Atlantic striped bass resource.*

H.Con.Res. 131, a resolution calling for increased international attention to environmental protection of the world's oceans, passed the House on November 14, 1997. This resolution states that an improved understanding of the ocean and the resources it contains is critical to the economy, environmental quality, and national security of the United States. It encourages the Administration to take advantage of the international focus on the oceans in 1998 to examine U.S. ocean programs, identify opportunities to streamline and better direct these programs, and take substantive actions to advance the exploration of the ocean and the appropriate use of ocean resources. The resolution, introduced by Rep. Jim Saxton, Chairman of the House Subcommittee on Fisheries Conservation, Wildlife and Oceans, is part of Congress' support for the 'International Year of the Ocean.' This event will be marked by a series of conferences, international scientific research projects, and educational events designed to increase understanding of the ocean and encourage wise management of marine resources. Its primary goal is to "focus the attention of the public, governments, and decision-makers on the importance of the oceans and the marine environment as a resource." H. Con Res. 131 is part of Congress' contribution to these efforts.

*The **National Sea Grant College Program Reauthorization Act**, which passed the Senate unanimously and the House with 422-3, became law on March 6, 1998. The Act will provide \$334 million for funding marine research and education at over 300 American universities. The Act authorizes funding for the 29 state and regional National*

Sea Grant College Programs located in U.S. coastal areas. In addition, the Act provides \$8.8 million annually for competitively awarded university research grants. The National Sea Grant College Program was established in 1966 to improve marine resource conservation, management and utilization. The Sea Grant core program includes research, education and advisory services. Research funding is devoted to the development of marine-related technology, environmental studies and socioeconomic and legal research. A one-third non-federal match is required to receive federal assistance. The program is administered through the National Oceanic and Atmospheric Administration.

Wetlands

*The **North American Wetlands Conservation Act** (NAWCA), also part of the FY 1998 Interior appropriations bill (H.R. 2107) that passed in November 1997, increased wetlands conservation funding by 20% over FY 1997. NAWCA funds—which must be matched by non-federal entities—go to acquiring, enhancing and restoring wetlands across North America. In addition, NAWCA funds target those wetlands most critical to threatened species, shorebirds, and waterfowl. In this way, the Congress is accomplishing two important goals within one program, increasing wetlands and preserving troubled species.*

Air

*H.R. 2400, the **Building Efficient Surface Transportation and Equity Act** (BESTEA), which passed the House in March and was signed into law on June 9, 1998, sets aside nearly \$10 billion for the Congestion Mitigation and Air Quality Program (CMAQ). This program assists states in complying with the Clean Air Act by funding transportation projects that lower emissions. In addition, the legislation sets aside \$4 billion for transportation enhancements that are environmentally related. Setting aside highway funding for environmental activities helps mitigate the environmental impacts of transportation and assists states in complying with federal air quality standards.*

In the 106th Congress, the House will continue to work to protect and preserve our environment. We will reform the flawed Superfund program, which currently squanders half of the billions of dollars dedicated to cleanups on lawyers and bureaucracy. Reform legislation will slash this massive overhead and ensure that cleanup dollars help the environment. And Congress will improve the 1972 Endangered Species Act, which has done too little to help threatened species come back.

11. Rebuild a strong national defense to remain the leader of the free world

The 105th Congress--the first Congress to cut taxes in 16 years--is now the first Congress in a decade to provide for a real increase in defense spending. In the Post-Cold War world, where dictators like Kim Jong-Il, Saddam Hussein, and Slobodan Milosevic can wreak havoc with genocidal policies, ballistic missiles, and nuclear, chemical or biological weapons, peace through strength is the only policy option. The Republican Congress is restoring our strength to keep the peace.

- Reverse the neglect of defense modernization, high-tech R&D, and the quality of life of veterans, service personnel, and their families.

Since 1993, the Administration has spent more than \$12 billion on military peacekeeping and related deployments around the world, from Somalia and Haiti to Bosnia--stretching already declining force levels to carry out non-military missions. And just as global peacekeeping efforts subtract from overall U.S. capabilities, the Administration's pattern of delaying modernization programs has also taken a severe toll on our national security. The services' weapons and equipment are reaching the ends of their service lives, wearing out primarily because of today's overwhelming pace of operations.

Congress has moved aggressively to reduce these imbalances and protect our national security: Congress has added more than \$4.5 billion to the President's requests for readiness improvements over the past four years. And over the past three years, the Congress has added more than \$15 billion to the Administration's under funded procurement accounts. In 1998 allocated \$48.9 billion for procurement, \$250 million more than the President's request.

*On October 6, 1998, Congress sent to the President the FY 1999 **National Defense Authorization Act** (H.R. 3616). It became law on October 17, 1998. Staying within the spending level for defense in the Balanced Budget Act of 1997, the Act provides the military services with the tools to better recruit and retain quality personnel, filling gaps in training, and equipping American service personnel with the advanced technology they need to perform their missions. Specifically, the Act increased military pay, reenlistment bonuses, and retention incentives; reformed health care for Service personnel; provided housing, recreation, and educational enhancements; and acted to reverse the slide to a "hollow force."*

*H. R. 4103, the FY 1999 **Defense Appropriations Act**, became law on October 17, 1998. It provides \$250.5 billion for national defense in FY 1999, \$3 billion more than was appropriated for FY 1998.*

*A year earlier, on November 6, 1997, Congress passed and sent to the President the FY 1998 **National Defense Authorization Act** (H.R. 1119), boosting modernization that had been neglected since the Reagan era. Defense procurement had declined 70 percent in the years 1985-1997. H.R. 1119 worked to reverse the shrinkage of the Navy--historically the key to U.S. military power. Congress doubled the President's request for the transitional CVN-77 carrier, since the U.S. can now no longer constantly deploy carriers in the Western Pacific, Mediterranean, and Indian Ocean/Persian Gulf theaters. The bill was signed into law November 18, 1997.*

The FY 1999 omnibus appropriations bill strengthens national security by dedicating more than \$1.5 billion for enhancing U.S. intelligence capabilities, mostly for advanced new satellite systems and improved intelligence-gathering

from human sources. And this legislation also provides \$2.4 billion for antiterrorism, including diplomatic security and repairs and some \$200 million for intelligence antiterrorism activities.

*Congress passed H.R. 2266, the FY 1998 **Defense Appropriations Act** Conference Report, on September 25, 1997, providing resources for key weapons systems to maintain America's high-tech defense edge. The President signed the bill October 8, 1997.*

*Congressional hearings have revealed that 60% of military housing was unsuitable, causing "terrible retention rates in all branches of the military," said House Appropriations Military Construction Subcommittee Chairman Ron Packard. "It costs the American taxpayer over \$26,000 to train a soldier for their first assignment," Chairman Packard said. "We simply can't afford to keep replacing pilots, tank commanders and other highly trained personnel. Many military families have simply had enough of cracked walls, doors falling off hinges and paint and asbestos problems." In the **FY 1998 and FY 1999 Military Construction Appropriations** bills, Congress has responded by dedicating over \$1 billion more than the President's request to fund essential projects such as family housing, troop barracks, hospital and medical facilities and child development centers on bases in the United States and abroad.*

During the 105th Congress, the House has passed a number of bills which honor the work and enhance the well-being of American soldiers and veterans:

- A constitutional amendment to prevent desecration of the flag for which servicemen have battled, H.J. Res. 54, passed the House 310-114 on June 12, 1997.*
- Legislation guaranteeing the legal residence and voting rights of military personnel passed the House as part of the FY 1998 National Defense Authorization Act on November 6, 1997.*
- H.R. 240, a bill permitting veterans to seek court remedies when federal veterans employment preference laws have been violated, passed the House by a voice vote on April 9, 1997, and was referred to the Senate Veterans Affairs Committee on April 10, 1997.*
- H.R. 2367, giving veterans with disabilities derived from military service a 2.1 percent cost-of-living adjustment, unanimously passed the House on October 28, 1997, and the Senate on November 5, 1997. It was signed into law November 19, 1997.*
- S. 714, protecting VA employees from discrimination and expanding VA health care programs for Persian Gulf War veterans, became law November 21, 1997.*

*The emerging threat of the Peoples Republic of China could prove to be the greatest challenge to American interests in the Twenty-first Century. President Clinton, even while he signed the Fiscal Year 1999 **Defense Authorization Act** (H. R. 3616), said he "strongly opposed" a provision Congress wrote into the FY 1999 Defense Authorization Act to guarantee that national security is protected when technology is transferred to nations like the People's Republic of China. The Congress supported the transfer of licensing authority for satellite exports from the Department of Commerce to the Department of State in order to give greater attention to national security interests. H.R. 3616 also required the President to certify that any export of missile technology or equipment to the People's Republic of China (PRC) would not be detrimental to the U.S. space launch industry and would not measurably improve the PRC's missile or space launch capabilities.*

*The House and Senate passed a number of bills addressing potential military threats to the U.S. and its East Asian allies as part of the 11-bill **"Policy for Freedom"** initiative on U.S.-China relations:*

A McCollum-Cox bill requiring the President to report to Congress on Communist Chinese espionage in the U.S. passed the Senate unanimously on November 6, 1997, and the House 385-36 on November 7, 1997 as part of the Intelligence Authorization conference report, which was signed into law November 20, 1997.

By a veto-proof 301-116 margin, the House passed H.R. 2386, the United States-Taiwan Anti-Ballistic Missile Defense Cooperation Act, providing for the development and sale of theater missile defenses to democratic Taiwan. On June 25, 1998, a revised version of this bill passed the Senate as an amendment to the Defense Authorization Act (S. 2057). The amendment calls for the Defense Department to assess theater missile defense for American allies in East Asia, including Taiwan, Korea, and Japan. The President signed the provision into law on October 17, 1998.

The House approved H.R. 2647 in a 405-10 vote on November 7, 1997, requiring the Executive Branch to identify, under the International Emergency Economic Powers Act, companies owned by (and bankrolling) the Chinese military in order to monitor their activities in the United States. On May 14, 1998, H.R. 2647 passed the Senate and was later incorporated into the Defense Authorization Act which the President signed into law on October 17, 1998.

- Improve efficiency in defense spending and reduce bureaucracy.

*H. R. 4103, the **Defense Appropriations Act for Fiscal Year 1999**, identifies reductions from the Administration's budget request for more than 250 programs, including savings of \$3.5 billion targeted at bureaucratic overspending, personnel over-budgeting, consultants and advisory services, travel, data processing, and personnel management programs.*

*H.R. 2266, the **FY 1998 Defense Appropriations Act**, became law on October 8, 1997. It spurs reform of the bureaucracy by, for instance, finding savings in administrative and infrastructure costs overlooked by the Administration.*

*The **National Defense Authorization Act for FY 99**, H.R. 3616, passed the House (357-60) on May 21, 1998 and was approved by unanimous consent in the Senate on June 25, 1998. In compliance with the Balanced Budget Agreement, the bill authorizes \$270.8 billion; however, it reprioritizes the President's defense budget by providing a basic military pay raise of 3.6%, as well as strengthening health care benefits for service members, their families, and military retirees.*

- Expand NATO to ensure peace in Europe for future generations.

*H.R. 1431, the **European Security Act**, passed the House on June 11, 1997. The bill codifies Congress' expectation that the Baltics, Romania, and Slovenia will follow Poland, Hungary, and the Czech Republic into NATO--designating them as eligible for U.S. alliance accession aid. The NATO provisions of the European Security Act were accepted in conference, passed the Senate as Title XXVII of H.R. 2607 on November 9, 1997, and became law November 19, 1997. And the Senate ratified NATO expansion to include Poland, the Czech Republic and Hungary on April 30, 1998 by a vote of 80-19.*

*The **European Security Act of 1998**, enacted as part of the FY 1999 omnibus appropriations bill, urges the President to ensure that all emerging democracies in Central and Eastern Europe will be considered for membership in NATO as soon as they meet membership criteria.*

- For the first time, protect American territory from terrorist missiles, starting with an accurate assessment of military threats against the United States.

The Congress has been on record favoring the deployment of national missile defenses since it was adopted as a key element of the 1995 "Contract with America." In every year since 1995, Congress has consistently increased the level of funding for missile defense beyond the Administration's requests.

*President Clinton vetoed the FY 1996 National Defense Authorization Act, which called for the deployment of a national missile defense system by 2003. In the **FY 1997 National Defense Authorization Act**, Congress directed former Defense Secretary Donald Rumsfeld and a blue-ribbon bipartisan panel to assess the ballistic missile threat to the United States. Congress was concerned that the Administration's view that a threat to the United States would not emerge before 2010 was overly optimistic. The Rumsfeld Commission concluded that because of new methods for the rapid transfer of technology, rogue states would be able to obtain threatening missile capabilities much earlier.*

*Senator Cochran's "**American Missile Protection Act of 1998**," S.1873, does not set a deadline for deployment, but stated "It is the policy of the United States to*

deploy, as soon as technologically possible, a National Missile Defense system capable of defending the territory of the United States against limited ballistic missile attack (whether accidental, unauthorized, or deliberate)." Backed by White House opposition, Senate Democrats filibustered the bill on September 2, 1998. Every Republican Senator voted for the bill and against the filibuster.

*Since even President Clinton admitted that his defense plan under-funded national missile defense by \$2.3 billion over the next five years, H.R. 1119, the **FY 1998 National Defense Authorization Act**, restored \$474 million for national missile defense left out of the President's FY 1998 budget request. The **1999 Omnibus Appropriations bill**, prepared in light of unanimous classified and unclassified recommendations from the Rumsfeld Commission, includes an additional \$1 billion for missile defense.*

12. Reform the United Nations

- Demand full credit--as other nations do--for US financial contributions to the UN, including military capabilities, facilities, local government services, and security we provide.

From 1992-1997, the United States spent more than \$12 billion for UN peacekeeping operations around that globe. Such amounts, requested by the Clinton Administration and appropriated by the Congress, have been viewed by the UN as unilateral contributions from the United States, and considered ineligible for reimbursement by the United Nations. No other nation has shouldered such a huge burden in the interest of international peace and security. Nevertheless, some suggest that American dues to the United Nations, withheld in order to encourage much-needed administrative reforms, are in arrears. The Clinton Administration claims that the United States owes the international organization \$1.5 billion in arrearages, of which \$900 million is for multilateral peacekeeping efforts.

*The **Foreign Relations Authorization Act** (H.R. 1757), passed on June 11, 1997, contained measures to reform the United Nations. The bill proposed to gradually limit the U.S. assessment to 20% of the U.N. budget and mandate reimbursement for U.S. contributions to peacekeeping. The President vetoed this reform legislation in October 1998.*

- Use US influence to reduce wasteful bureaucracy and implement other reforms at the UN.

*The **Foreign Relations Authorization Act** (H.R. 1757), discussed above, makes U.S. payments to the international organization contingent on specific reforms regarding U.S. sovereignty (Year 1), peacekeeping (Year 2), and U.N. management and budget (Year 3). The President vetoed these reforms in October 1998.*

- Control expanding UN troop deployments around the globe, ensure US troops are not placed under UN command, and improve consultation with Congress on ongoing peacekeeping efforts.

Since 1993, the Administration has spent more than \$12 billion for peacekeeping and related operations around the globe. And the Administration is currently preparing to expand those commitments with a new, open-ended involvement in Kosovo. Vigorous oversight of the Administration's deployment of U.S. forces to Haiti, Bosnia, and Kosovo continues in the House International Relations and National Security Committees. In Haiti, Chairman Gilman focused on the failure of U.N. police training to eliminate para-military violence and intimidation and on how former President Aristide is working to block free market reforms.

*With respect to Bosnia, the **FY 1998 Defense Appropriations Act** passed on September 25, 1997 cut off funds for the deployment of U.S. troops there on the date President Clinton promised troops would be withdrawn, July 1, 1998, unless the President outlines the purpose, duration, and exit strategy of an extended deployment. Congress will address the Kosovo deployment--undertaken at the end of our session, and without consultation with Congress--at the beginning of the next Congress.*

13. Ensure the integrity of American elections

- Prevent voting fraud, and ensure that current laws are followed and enforced.
- Preserve and protect the constitutional right to free speech.
- Respect union workers' beliefs and paychecks by ending political taxes on their pay.
- Encourage citizen participation and grassroots political involvement.
- Require full and timely disclosure of all campaign contributions.

On November 13, 1997, the House leadership announced that following hearings on the issues below by the four committees of jurisdiction, the House would address these aspects of campaign reform:

- 1. How Can Illegal Foreign Payments Be Stopped?*
- 2. How Can the Violation of Presidential Campaign Spending Limits Be Stopped?*
- 3. Why Did Taxpayer Financing of Presidential Elections Fail?*
- 4. How Can We Prevent "Soft Money" from Corporations, Unions and Individuals from Obliterating the \$1,000 Limit on Individual Contributions?*

5. *Can Workers' Paychecks Be Protected from Unauthorized Deductions for Political Campaigns?*
6. *How Can Candidates Compete with Other Candidates Who Expend Unlimited Personal Funds under the Supreme Court's Rules?*
7. *Can "Issue Advocacy" Spending in Federal Elections Be Addressed Consistent with U.S. Supreme Court Decisions?*
8. *How Can We Ensure the Integrity of Voter Registration and the Voting Process?*
9. *How Do We Update Campaign Disclosure Rules and Procedures from the 1970's to Reflect the New Technologies and Conditions of the 1990's?*

On March 30, 1998, the House passed H.R. 34, to prohibit individuals who are not citizens of the United States from making contributions or expenditures in connection with an election for Federal office, 369-43. It also passed H.R. 3582, to speed up and expand disclosure of campaign contributions and contributors to the public. H.R. 3582 would also boost the enforcement powers of the Federal Election Commission. In July and August, the House devoted unprecedented floor time to campaign reform and the fundamental questions of free speech, self-government, and representative democracy raised by the issue. The House passed H.R. 2183, which includes a ban on "soft money" campaign contributions, by a vote of 237-186 on August 3, 1998.

Congress has also conducted extensive investigations of corruption in the political process. For example, the Education and Workforce Committee held a series of hearings looking at problems union members are having in retaining a full, equal, and democratic voice in their union affairs. The ultimate goal is to identify possible areas in which the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA, or, the "Landrum-Griffin" Act) might be improved to better safeguard members' democratic rights. To lay the groundwork for substantial legislative reform in the 106th Congress, Rep. Fawell introduced the "Democratic Rights for Union Members Act," which would strengthen the democratic rights of union rank and file members. In addition, the Committee has investigated potential illegality in the top management of the Teamsters union--conduct that resulted in Teamsters President Ron Carey being banned for life from the union because of his involvement in illegal fundraising schemes.

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The Congressional Policy Advisory Board

*"It really is a remarkably diverse group of very experienced senior advisers, who have been Secretary of State, Secretary of Defense, Director of the Budget, Attorney General, the United Nations Ambassador. When you go down the list, it is a very, very impressive list, and should serve, in part, as a reminder to the Washington press corps that one of the things that makes the Republicans in the House different is that we really think that ideas matter and that, starting with the Contract with America, with reforming welfare, with balancing the budget, with cutting taxes, that we have -- with tort reform, with a variety of things -- we've been moving on an idea-driven basis towards trying to get this country moving in the right direction. On a lot of fronts, I think we've begun to succeed." -- **House Speaker Newt Gingrich, September 9, 1998***

*"The Congressional Policy Advisory Board's combination of experience, scholarship, and clear thinking will provide the House Majority with invaluable guidance." -- **House Policy Chairman Christopher Cox, March 11, 1998***

One of the most innovative initiatives of the House Majority in the 105th Congress was the formation of the Congressional Policy Advisory Board. The board, which is chaired by Martin Anderson, a Senior Fellow at the Hoover Institution who served on President Reagan's Foreign Intelligence and Economic Policy advisory boards, met with the House Leadership, key committee chairmen, and other Policy Committee members three times in 1998. It helped develop the International Monetary Fund reforms enacted by Congress, reviewed proposed Social Security reforms (with the help of a CPAB subcommittee chaired by Michael Boskin), made significant tax cut recommendations, and supported ballistic missile defense and other national security measures, which Congress for the first time enacted over the Clinton Administration's objections.

The Board's 28 members include eight former cabinet officials, two Nobel prizewinners, and the presidents of four of the nation's most prominent think tanks. Among its most prominent members are former cabinet secretary George Shultz and economist Milton Friedman. Chairman Cox appointed each member.

An article about the board's work and their biographies follow.

The Washington Times

WASHINGTON, D.C., THURSDAY, FEBRUARY 26, 1998

Outreach for policy proposals

BY ARNOLD BEICHMAN

Twenty-eight preeminent Republicans, all of them private citizens although some have held high office in the past, are scheduled to meet March 10-11 in D.C. with Republican leaders of the House of Representatives to help re-establish the power of ideas—the "vision" thing—a phenomenon which characterized the scintillating eight Reagan years.

With the enthusiastic approval of the House Policy Committee (HPC), headed by Rep. Christopher Cox, California Republican, the Congressional Policy Advisory Board (CPAB), self-financed and responsible only to itself, will seek to bring into the GOP-controlled Congress new and fresh ideas about the role of government now and in the 21st century, ideas congruent with the role of the United States as the world superpower.

CPAB will meet quarterly in the Rayburn House Office Building. Members have been told in Mr. Cox's letter of invitation that since CPAB has no statutory authorization they would not be reimbursed for expenses incurred during the two-day meetings.

And here is a partial listing of CPAB members, a blue-book of Republican intellectuals and specialists in foreign or domestic policy, most of them with decades of government experience:

International Relations – George Shultz, Jeane Kirkpatrick, Richard Allen.

Defense – Richard Cheney, Caspar Weinberger, Donald Rumsfeld, Paul Wolfowitz, Fred Ikle.

Economics and finance – Nobel laureates Milton Friedman and Gary Becker, William Simon, James C. Miller III, John Taylor, John Cogan, Michael Boskin, Arthur Laffer, Annelise Anderson and Martin Anderson, CPAB chairman.

Law and judiciary – Edwin Meese III.

Think tanks – Christopher DeMuth, Edwin J. Feulner Jr., John Raisian, Larry Arnn, Thomas Duesterberg.

The powerful House Policy Committee comprises the House Speaker, the Majority Leader and all committee chairmen. All members of the CPAB are appointed by Mr. Cox.

In a sense organization of the CPAB is part of an "outreach" program by a House leadership which realizes (1) the country is in the middle of a national crisis and (2) the

Congress is ill-prepared to meet that crisis. Reflecting this concern was a recent column (Feb. 23) in Forbes Magazine by Thomas Sowell titled "Inarticulate Republicans." The noted columnist-economist opened his essay with a blast:

"Policies of the Republican-controlled Congress set the stage for the country's economic success—and Republican silence allowed Clinton to take credit for it."

There is a precedent for CPAB. During his two terms, President Reagan appointed advisory boards of expert private citizens in the fields of economics, intelligence and arms control. These boards forwarded ideas directly to the White House for study and often for adoption.

What the CPAB hopes to do is to recreate the same successful Reagan economic record between 1981 and 1989 which, Martin Anderson has written, was the greatest, consistent burst of economic activity ever seen in the United States—and in peacetime. In fact, it was the greatest economic expansion the world has ever seen—in any country, at any time.

In 1981, annual federal tax receipts were more than \$517 billion. Eight years later, after slashing marginal income tax rates, from 70 percent to 28 percent, Federal tax receipts were \$909 billion a year—a 76 percent increase in tax revenues. And, Mr. Sowell points out, "Only Congress' greater increases in spending prevented the increased revenue from eliminating the deficit back then." Congress was then, of course, under Democratic domination.

The Reagan economic record resulted from implementation of fundamental ideas not from spontaneous bursts of miraculous inspiration out of heaven. President Reagan and those around him had been thinking for years before the 1980 electoral triumph about downsizing government, cutting spending and taxes, and, above all, confronting the Soviet Union, the "evil empire."

Twenty years later, the "Reagan generation"—Mr. Shultz, Mrs. Kirkpatrick, Mr. Weinberger, Mr. Friedman, Mr. Meese, Mr. Anderson—commingled with a younger generation of Republican thinkers—Mr. Wolfowitz, Mr. Becker, Mr. Taylor, Mr. Boskin—working with a young Christopher Cox, already a House veteran, are planning new miracles—the congressional elections next November and the presidential election Nov. 7, 2000.

Arnold Beichman, a research fellow at the Hoover Institution, is a columnist for The Washington Times.

I Chairman

Martin Anderson, Senior Fellow, Hoover Institution. Dr. Anderson has served as Special Assistant to President Nixon, Assistant to President Reagan for Policy Development, and as a Member of President Reagan's Economic Policy Advisory Board.

II Economic and Domestic Policy Experts

Anneliese Anderson, Senior Research Fellow, the Hoover Institution. Dr. Anderson served as Associate Director for Economic and Governmental Affairs at the Office of Management and Budget under President Reagan.

Gary Becker, Senior Fellow, the Hoover Institution. Dr. Becker was awarded the Nobel Memorial Prize for Economic Science in 1992.

Michael Boskin, Senior Research Fellow, the Hoover Institution. Dr. Boskin was Chairman of the Council of Economic Advisers under President Bush.

John Cogan, Senior Fellow, the Hoover Institution. Dr. Cogan served as Deputy Director of the Office of Management and Budget under President Reagan.

Pete du Pont, Policy Chairman, the National Center for Policy Analysis. Gov. du Pont was elected to the House in 1971 and served as Governor of Delaware. He was Chairman of the Hudson Institute and advised President Reagan and Prime Minister Margaret Thatcher.

Milton Friedman, Senior Research Fellow, the Hoover Institution. Dr. Friedman was awarded the Nobel Memorial Prize for Economic Science in 1976 and the Presidential Medal of Freedom in 1988.

Art Laffer, Chairman and CEO, Laffer, Canto Associates. Dr. Laffer served on President Reagan's Economic Policy Advisory Board.

Larry Lindsey, Resident Scholar and the Arthur F. Burns Chair in Economics, the American Enterprise Institute. Dr. Lindsey was a member of the Board of Governors of the Federal Reserve System from 1991 to 1997.

Edwin Meese, Ronald Reagan Distinguished Fellow in Public Policy, Heritage Foundation and Distinguished Visiting Fellow, the Hoover Institution. Mr. Meese served as Counselor to the President and Attorney General under President Reagan.

James C. Miller, III, Counselor, Citizens for a Sound Economy and Senior Fellow at the Hoover Institution. Dr. Miller served as Director of the Office of Management and Budget under President Reagan.

William Simon, Chairman, William E. Simon and Sons. Dr. Simon served as Secretary of the Treasury under President Ford.

John Taylor, Senior Fellow, the Hoover Institution. Dr. Taylor, currently a member of the California Governor's Council of Economic Advisers, served as senior economic policy adviser to Bob Dole during 1996 presidential campaign and as a member of President Reagan's Council of Economic Advisers.

Darrell Trent, Chairman of the Board and CEO, Acton Development Company. Mr. Trent served as Deputy Secretary and Acting Secretary of the Department of Transportation, and as Ambassador to the European Civil Aviation Committee, under President Reagan.

Dr. Walter E. Williams, John M. Olin Distinguished Professor of Economics, George Mason University and Distinguished Scholar, The Heritage Foundation. Dr. Williams has also served on the faculties of Los Angeles City College, California State University at Los Angeles, and Temple University in Philadelphia.

III Defense and Foreign Policy Experts

Richard Allen, Distinguished Fellow, The Heritage Foundation. Dr. Allen served as National Security Adviser under President Reagan.

Richard Cheney, Chairman, President, and CEO, Haliburton Company. A former Chairman of the House Republican Policy Committee, Dr. Cheney served as Secretary of Defense under President Bush and Chief of Staff under Presidents Nixon and Ford.

Peter Dailey, CEO, Memorex Telex. Mr. Dailey has served as Ambassador to Ireland under President Reagan and deputy director of the 1972 and 1980 Presidential campaigns of President Nixon and President Reagan.

John Gavin, Member of the Board of Directors of Atlantic Richfield Corp. and Dresser Industries. Mr. Gavin served as Ambassador to Mexico under President Reagan.

Fred Iklé, Distinguished Scholar, the Center for Strategic and International Studies and Chairman, Telos Corporation. Dr. Iklé served as Director of the United States Arms Control and Disarmament Agency under President Ford and Under-Secretary of Defense under President Reagan.

Jeane Kirkpatrick, Senior Fellow and Director, Foreign Policy Studies, the American Enterprise Institute. Dr. Kirkpatrick served as Ambassador to the United Nations under President Reagan.

Peter Rodman, Director of National Security Programs, Nixon Center for Peace and Freedom. Mr. Rodman served in the administrations of Presidents Nixon, Ford, Reagan and Bush. Among his offices were Deputy Assistant to the President for National Security Affairs and director of the State Department's Policy Planning Staff.

Donald Rumsfeld, Chairman of the Board of the RAND Corporation. Mr. Rumsfeld has served as a United States Representative from Illinois, Chief of Staff and Secretary of Defense under President Ford, and Senior Policy Adviser to the Dole campaign.

George Shultz, Distinguished Fellow, the Hoover Institution. Dr. Schultz has served as Secretary of the Departments of Labor, Treasury, and State.

Caspar Weinberger, Chairman, *Forbes* Magazine. Mr. Weinberger served as Secretary of Defense under President Reagan, and was Director of the Office of Management and Budget and Secretary of Health, Education and Welfare under President Nixon.

Paul Wolfowitz, Dean, Paul Nitze School of Advanced International Studies. Dr. Wolfowitz served as Assistant Secretary of State for East Asian and Pacific Affairs under President Reagan and as UnderSecretary of Defense under President Bush.

IV Research Institute Directors

Larry Arnn, President, the Claremont Institute. Dr. Arnn served as Director of Research for Martin Gilbert at Oxford and was appointed by HUD Secretary Jack Kemp to the U.S. Department of Housing and Urban Development Advisory Commission on Regulatory Barriers to Affordable Housing.

Chris DeMuth, President, the American Enterprise Institute. Mr. DeMuth served as Administrator for Regulatory Affairs at the Office of Management and Budget under President Reagan.

Thomas Duesterberg, Director of the Washington Office, the Hudson Institute. Dr. Duesterberg has served as Chief of Staff to Senator Dan Quayle and Congressman Christopher Cox, and as Assistant Secretary for International Trade at the Department of Commerce under President Bush.

Ed Feulner, President, the Heritage Foundation. Dr. Feulner has served as Vice Chairman of the National Commission Economic Growth and Tax and as Chief of Staff to the Vice Presidential Campaign of Jack Kemp.

John Raisian, Director, the Hoover Institution. Dr. Raisian served as Special Assistant for Economic Policy at the Department of Labor under President Reagan.

The Crisis in North Korea

A crisis is coming in Northeast Asia. A massive North Korean military buildup centered on the development of nuclear weapons and delivery systems has coalesced with famine and catastrophic declines in all non-military sectors of the North Korean economy to produce the most dangerous of all strategic scenarios: a dictatorship with rapidly escalating military capabilities, subject to rapidly escalating internal pressures. And North Korea is not simply a dictatorship: it is a uniquely monstrous tyranny that has tormented the Korean people for half a century, creating the most completely totalitarian and militarized state in human history.

U.S. relations with North Korea last reached a crisis in 1993-94 as evidence of North Korea's nuclear weapons development was uncovered. Although the Clinton Administration's initial response was uncompromising—the President in November 1993 flatly declared that “North Korea cannot be allowed to develop a nuclear bomb”—the Administration subsequently adopted a policy of paying North Korea to pledge not to develop a nuclear bomb. North Korea's nuclear program was to be “frozen” in exchange for billions of dollars in energy aid (including two nuclear reactors) through the 1994 “Agreed Framework” and its implementing bureaucracy, KEDO. North Korea's food crisis was to be stabilized by distributing hundreds of thousands of tons of free food to starving civilians. The security crisis was to be defused by four-party negotiations to end the state of hostilities dating back almost half a century to North Korea's attack on the South in 1950. Each of these policies was designed to buy time in which the North Korean regime would either reform itself or disintegrate.

Every element of this policy is now in ruins. Rather than buying time for North Korea to reform or collapse, it has bought time for Kim Jong-Il to consolidate his political power and perfect his weapons programs. On September 5, Kim assumed full control of the dictatorship, diverting millions of dollars to celebrate his status as supreme leader in the midst of mass starvation. KEDO's rationale has been undermined by the wholesale violation of the Agreed Framework, discovery of a new North Korean nuclear facility under construction, and Pyongyang's August 31 launch of a three-stage nuclear-capable missile over Japan. Japan, which with South Korea was to bear the largest portion of KEDO expenditures, has now suspended its financial participation, and South Korea now seeks to renegotiate its own financial contribution in light of its economic crisis. The four-party security discussions to defuse military tensions and end the state of hostilities have failed to produce agreement even on an agenda, despite the Administration's concession that the North can raise any issue it wishes. Meanwhile the Administration since 1994 has repeatedly vetoed and obstructed Congressional efforts to develop and deploy theatre missile defenses that could defend against North Korea's program.

The multinational food-aid program has also collapsed. Despite totalitarian secrecy and a dearth of effective international monitoring, there is now incontrovertible evidence that Pyongyang has diverted food aid from U.S. humanitarian organizations and the European Union to the military, security forces, and party elite. There can be little assurance that official U.S. or U.N. food aid has not similarly been diverted, given the obstruction and deception that the North Korean Government has used to curtail outside monitoring. Moreover, even the food aid that has reached needy civilians has been re-channelled through the state, thereby converting it into a source of control and prestige for the regime. As the defecting head of North Korea's communist party has said, "North Korea controls people with food.... The food distribution is a means of control." In the face of this evidence, some members of the international community, including Japan, have largely terminated their assistance, convinced that it merely perpetuates the suffering of the Korean people. On September 29, Doctors Without Borders, the largest international charity operating in North Korea, announced that it was withdrawing from the North. According to the *Washington Post*, the organization stated that it was "concerned that the North Korean government was applying a double standard—feeding children from families loyal to the regime while neglecting others." Regarding U.S. food aid, the *Post* quoted a U.S. official as stating, "In truth, we don't know what we're doing. We're just sending in lots of food and hoping against hope." This year, the United States will have supplied 84% of all World Food Program food aid to the North.

Although the underlying premises of its policy have collapsed, the Administration now offers more of the same failed policies:

- *More opposition to missile defense:* The Administration in mid-September reiterated its belief that any long-range missile threat to the United States was more than a decade away, despite the August 31 launch. And the Administration remains rigidly opposed to accelerating either theatre or national missile defense development or deployment.
- *More food aid:* On September 21, two weeks after Pyongyang's ballistic missile launch over Japan, the President unilaterally announced that he would send an additional 300,000 tons of food to the North Korean Government. Bringing the United States' contribution to a total of five-sixths of the global appeal, this quantity is more than North Korea's ports can handle.
- *More money for KEDO:* On September 14, the Administration told Congress that it sought \$27 million more to fund KEDO. It claimed that neither the missile launch nor the newly discovered underground facility violate the Agreed Framework. And the Administration is now floating proposals to supplement its failed attempt to buy off North Korea's nuclear program with a new attempt to buy off its missile program. And though the Administration is pressuring both Tokyo and Seoul to resume aid to the North, it appears to be willing to go it alone if they do not. Dogmatically multilateralist in almost every other sphere of foreign policy, the Clinton Administration is prepared to act unilaterally in appeasement.

A New Approach

North Korea's weapons program has created a national security emergency in Northeast Asia, directly threatening not only South Korea and Japan but also the 100,000 U.S. troops that defend our interests there. The Administration's policy response has severely exacerbated this crisis by systematically rewarding North Korea for its most dangerous misconduct. Time has worked to Pyongyang's advantage, and will continue to do so as the North's weapons programs advance. A new policy must be adopted *now*.

- *Efforts to strengthen U.S. and allied defenses in the region must be given the highest national priority.* These efforts must include urgent efforts to develop and deploy theatre missile defenses for our allies in the Asia-Pacific region, as required by the Defense Authorization Act just passed by the Congress.
- *The KEDO nuclear appeasement policy must be ended.* Efforts to buy off Pyongyang's nuclear program have, predictably, only encouraged the North in further misconduct: an accelerated missile program, rampant missile proliferation to other states, and renewed and expanded efforts at nuclear-weapons development. North Korea must learn that the world, and the United States in particular, will not reward threatening behavior. KEDO funding must be permanently ended; no buyoff of the North's missile program can be permitted.
- *Food aid must be safeguarded against diversion or abuse.* U.S. and international food aid must be used neither to feed North Korea's military-police apparatus nor to strengthen the dictatorship's control over its people. No further food aid should go to the North unless and until we have adequate assurances that diversion to non-civilians has ceased; that military food stocks are being opened to civilians; and that the U.N. and private voluntary organizations have been permitted to take all reasonable steps to ensure that all upcoming food aid deliveries will not be diverted from needy recipients, including unsupervised, unscheduled, and unannounced visits by Korean-speaking outside monitors to recipient institutions and farmers' markets. President Reagan's key principle of humanitarian aid—that hunger knows no politics—necessitates that food aid not be diverted for political ends by Pyongyang.

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Current Administration policy in Korea, though designed to avert crisis, is in fact only increasing the odds that a crisis will come at a time of Pyongyang's choosing, when its new weapons are ready and its massive military machine is fully prepared. The policy of appeasing the North has demonstrably failed, and must be replaced by a policy of peace through strength.

#

Ending the Gore Tax

With Every Long-Distance Phone Call, Americans Pay the Price for the Vice President's Costly Government Program

In January 1998, without the legal power to do so, the Clinton Administration demanded that every American pay a new tax on their long-distance telephone calls. The tax has been dubbed the "Gore Tax" because it is the pet project of Vice President Al Gore. It will cost taxpayers an estimated \$2.65 billion this year. The Clinton budget calls for increasing this illegal tax by 500% over the next five years.

Time Magazine and other publications were among the first to label this \$2.65 billion new tax the "Gore Tax" in the course of reporting Gore's cheerleading for it. Gore, they noted, successfully fought for the inclusion of several sentences in the 1996 Telecommunications Act that asked the Federal Communications Commission to "enhance" schools' and libraries' access to "advanced telecommunications and information services" such as the Internet. This language, however, did not enact a new tax. But Al Gore demanded that the FCC levy a massive new tax by regulation so that his Administration could spend it without control by Congress.

The illegal manner in which the Gore Tax is being extracted from consumers makes it especially offensive.

The Constitution clearly vests the power to tax in Congress alone. Congress could not, if it wished to do so, "delegate" the authority to set tax rates to an executive-branch agency. The Constitution plainly prohibits the FCC or the Vice President from arrogating this "authority" to themselves.

It should therefore be unthinkable that the FCC could in turn delegate taxing authority to a private corporation, the newly-created Universal Service Administration Company. Yet this is precisely what Clinton, Gore, and the FCC have done. They have even "authorized" the company to set the rate of the tax itself.

Capping this outrage is the way the Vice President has tried to hide this astronomically expensive tax from the public. While the FCC tapped long-distance companies to collect the tax, both the Vice President and the agency waged a vigorous campaign to block the phone companies from truthfully reporting the tax to consumers. Instead of separating the Gore Tax on consumers' bills, Gore's staff pressured long-distance companies to hide the tax from the public.

In response to this considerable political pressure, some phone companies decided not to include the tax as a separate item on consumers' bills. Instead, the tax was incorporated into their basic per-minute rate. Some phone companies have, however,

chosen to separately itemize the tax on their phone bills. Most have taken steps to avoid offending Gore by labeling the tax in a euphemistic manner--such as describing it as a "universal connectivity charge." Even now, the FCC and the Clinton Administration are crafting rules that would keep the tax hidden from view. If Al Gore has his way, the American people will never see the true costs of his massive illegal tax.

The E-Rate Program: A Good Idea Turned Illegal

The tax revenues raised from the Gore Tax are earmarked to be spent on subsidizing Internet access for schools and libraries. The program itself pursues a laudable goal--one that is generally consistent with the 1996 Telecommunications Act. But Congress never authorized the FCC to set up the "E-Rate" program as engineered by the Vice President and the Clinton Administration.

Not only the Gore Tax but the E-Rate program it is being used to finance violate the law. Already, the U.S. General Accounting Office has declared key portions of the program to be illegal. In a February 10, 1998, letter to Congress, the GAO wrote that the FCC "exceeded its authority" when it created two private corporations to administer the program.

Time Magazine has described Gore's E-Rate program as "an out-of-control entitlement engineered by an out-of-control bureaucracy." While education bureaucracies have already requested more than \$2 billion for 1998 alone--far more than originally estimated--only 4 percent of this is for Internet access. Fully two-thirds will go for "internal connections," including the costs of ripping up walls to install wiring, repairing carpets, painting, and putting in new computers. Another reason for the excessive costs: price is not the sole factor in evaluating a company's bid to connect a school to the Internet, meaning that higher cost bidders can be awarded contracts.

The Schools and Libraries Corporation shows the effects of being uncontrolled by Congress or the law. The private company created to dispense the largesse raised by the Gore Tax was to pay its Chief Executive Officer, a former Gore aide, an annual salary of \$200,000--as much as the President of the United States, and more than every Cabinet officer and Member of Congress.

A Dangerous Federal Intrusion Into Local Educational Decision-Making

"President Clinton has said that we must provide our children with an education that is second to none. . . . Approval of the E-Rate is the cornerstone which makes that goal a reality."

--Vice President Al Gore

"What's wrong with education cannot be fixed with technology. . . . We can put a Web site in every school--none of this is bad. It's bad only if it lulls us into thinking we're doing something to solve the problem with education."

--Steve Jobs, founder of Apple Computer

Perhaps the most dangerous consequence of illegally enacting both the Gore Tax and the E-Rate program is that policy makers have yet to consider the unintended effects. The program is a massive federal involvement in local educational decision-making. Under the E-Rate program, the federal government will change the way every teacher runs every classroom in America. Some 30,000 schools across the country are being lured by the prospects of generous subsidies to rush forward to join the Gore program--and to do so without fully understanding its true costs, or the real merits of the Net as a teaching tool.

While wiring classrooms has been described as a one-time capital investment, in fact, it's more properly analogized to introducing a massive annual cost. The Gore E-Rate program will necessarily displace local school resources that might be put to better use elsewhere, such as hiring new teachers or reducing class sizes. It will require that local funds be spent to train teachers how to use computers in class, and to constantly upgrade computer hardware and software. According to one study, every dollar spent on wiring schools requires schools to spend an additional \$3 on computers and related equipment. Most participants in the Gore program won't fully realize these downstream costs until they've already headed well down that road.

And even as the E-Rate program is effectively forcing the Internet into America's schoolrooms, experts are sharply divided over whether this will produce significant educational benefits--or instead, dilute students' attention to language and encourage "surfing" and "browsing" instead of a more disciplined approach to learning. Yale University's Professor of Computer Science David Gelernter (whose ardent support of technology made him a target of the Unabomber) expresses great skepticism about the Gore program. It is, he said, "toxic quackery" and an "educational disaster in the making." The Atlantic Monthly has reported that some schools have already eliminated music, art, or physical education programs in order to find more funding for computers in classrooms. And parents are increasingly expressing concern about how computers are being used, in the wake of anecdotes and news reports that schoolchildren are using the Internet during class hours for non-educational purposes, or even to view obscene or objectionable material.

If it remains a question how best to use computers in the classroom, there is all the more reason that Congress should reclaim its rightful powers to tax and spend--so that national policy will be considered by our elected representatives before it is imposed on the entire nation.

Bi-Partisan Condemnation of the Gore Tax

The Clinton Administration's new taxes have made telephone service among the most heavily-taxed services in America. These new taxes are making it far more expensive than necessary for parents to stay in touch with their children at college, for small businesses to sell products across state lines, or for families to get caught up during the holidays.

Prior to the Gore Tax, federal taxes and fees were already adding \$13 billion a year to the price of phone calls. The 3% federal excise tax costs consumers \$5 billion annually. Another \$8 billion is collected from consumers through a \$3.50 monthly "subscriber line charge" that the federal government imposes on every phone line in America. In 1997, the Clinton Administration's FCC pushed through its "modem tax," requiring every household with a second phone line to pay an additional \$1.50 per month to raise more money to subsidize phone service in rural and high-cost areas.

For these reasons, the Chairmen and senior Democrats on the House and Senate Commerce Committees are demanding the dismantling of both the Gore Tax and the E-Rate program. In a joint letter, they called the whole scheme "a spectacular failure" and "a raw deal for consumers." Two senior Democrats have been especially outspoken in their criticism of the Gore Tax:

Rep. John Dingell (D-MI): "We did not vote to have the FCC set up a giant bureaucracy headed by someone paid as much as the President. The era of Kings in this country ended when we kicked out George III."

Sen. Fritz Hollings (D-SC): "Congress did not intend for the FCC to raise telephone rates of every-day Americans to fund these programs. If the Commission won't start protecting ratepayers, then Congress will step in and do it for them."

Liberal advocacy groups, too, have been highly critical--not just of the costly new tax, but also of the secretive way in which it has been implemented. Ralph Nader's Consumer Federation of America, for instance, has called for repeal of the Gore Tax. A spokesman for the group has said that, while the group supports the goals of the E-Rate program, the FCC "could fund all these programs without raising anybody's bill. . . . We hate the way [the FCC is] paying for it."

Congress is Committed to Eliminating the Gore Tax

The Congress understands that a daily necessity like telephone service shouldn't be taxed as if it were a luxury. Instead of raising your phone bills, the majority in Congress wants to reduce telephone taxes by ending the 5% Gore Tax, cutting the existing excise taxes, and using existing telephone taxes to finance a more thoughtfully designed E-Rate program. This responsible action will ensure that the government does not lead businesses, schools, and telephone users even further down a path that could cost them billions of dollars. It will also help ensure that local school districts have the opportunity to give careful study to both the costs and benefits of using the Internet in our Nation's classrooms.

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September 8, 1998
Policy Perspective

New Taxes, Burdensome New Regulations

How the Clinton Administration Is Threatening the Economy—And Could Wreck It

With the Dow down 15% in August, Russia in tatters, and the Asian economies remaining in crisis, it should be clear to every observer that continued economic growth is not guaranteed. Maintaining our strong economy will require wise policy choices in the weeks ahead. The possibility of an economic downturn, further drops in the stock market, and a loss of consumer confidence is very real, not least because of Clinton administration policies that punish workers and entrepreneurs alike.

Here are the greatest threats to the economy that the Clinton administration is either ignoring or exacerbating:

Record-High Tax Burden – Taxes continue to place a crushing burden on the American people and the economy. In the six years of the Clinton Administration, federal taxes on the American people have increased by over 40%. From \$1.5 trillion in fiscal 1993 (President Bush's last budget year), the federal tax burden has grown to over \$2 trillion in the current year. Last year, individuals paid 45% more in income taxes than they did in 1993. Federal taxes now take the highest share of the economy in our nation's history. In the fourth quarter of 1997, Federal taxes topped 21% of GDP for the first time ever. Yet the Clinton 1999 budget calls for \$128 billion in still higher taxes.

New Taxes on Consumers – In January 1998, contrary to the Constitutional requirement that new taxes not be imposed without the consent of the Congress, the Clinton Administration imposed a new tax on long-distance telephone calls estimated to cost consumers \$2.65 billion this year. Time magazine labeled this levy the “Gore Tax” because Vice President Al Gore was the leading Administration proponent of the illegal scheme to collect it. Under the Clinton budget, the Gore Tax grows 500% in the next five years, to \$13 billion in 2003. Gore has also pressured America's long-distance companies to hide the tax from the public. As a result, the tax remains hidden to many Americans. Higher phone costs, however, are not hidden, making the multi-billion dollar Gore Tax a burden on commerce and consumers alike.

Trillion-Dollar Cost of Regulation – The U.S. economy now loses a trillion dollars annually due to lower productivity caused by massive government regulation. Americans now spend over \$700 billion annually just to finance federal regulatory agencies and to comply with federal regulations. The Clinton Administration now employs over 126,000 regulatory workers. While the economy has thus far been able to

continue growing despite these enormous burdens, the ever-increasing cost of regulation by the Executive Branch makes it more difficult to sustain continued economic growth.

Demands for Extravagant Federal Spending – While the Congress has restrained spending growth, the prospect for a return of the deficit remains if President Clinton's demands for higher spending aren't successfully resisted. President Clinton's FY 1999 budget contains 85 new spending programs, including 39 new entitlements.

\$65 Billion Tobacco Tax – In addition to the existing record-high tax burdens, the Clinton Administration is proposing a huge new tobacco tax that would somehow subtract \$65 billion from the economy over five years. Although the Senate has tabled the tobacco tax and the House does not support it, the Democrats remain in favor of a tobacco tax, which would be an enormous new obstacle for the economy to overcome.

Impending Year 2000 Fears – Despite the Administration's self-professed interest in computer technology, both Clinton and Gore have "virtually neglected the Y2K problem," according to Robert Samuelson, despite predictions that Y2K could cost the country a trillion dollars or more. The international reliance on information technology has made the global economy particularly susceptible to computer-related difficulties. According to the economist Edward Yardeni, the Y2K problem has a 60% chance of causing a recession, perhaps one as large as the crippling 1973-1974 recession, in which unemployment reached 8.5% and inflation reached 11%. While Congress has agreed to fund all Y2K repairs in the government on an emergency basis, the Administration has yet to submit a comprehensive request.

Failure to Reduce Debt – While annual deficits are now under control, the United States carries a \$5.5 trillion debt that is still growing. Interest on the federal debt is currently \$356 billion per year, with interest rates on 30-year Treasury notes at historic lows. If interest rates increase, the cost of U.S. debt service could turn the entire federal budget deeply into the red, causing still more borrowing and putting even more pressure on interest rates. The remedy is to reduce, not increase, the federal debt, but Clinton spending plans are a very real threat to this objective.

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Policy Statement
July 29, 1998

Why 'Fast Track' Negotiating Authority for Free Trade Agreements is Vital to America's Prosperity

With America's taxes on foreign imports already near zero, cutting or eliminating foreign taxes on U.S. exports is the key to expanding America's global leadership. That is why for twenty years, Congress and past Presidents have so strongly supported so-called 'fast track' negotiating authority for agreements to reduce foreign trade barriers.

'Fast track' means that the Congress will vote up or down on trade agreements after they are negotiated by the President. It is an essential prerequisite to winning meaningful international agreements, because our trading partners cannot negotiate separately with 535 Members of Congress. But last fall, the longstanding bipartisan consensus in favor of fast track was destroyed, as congressional Democrats succeeded in blocking extension of fast track for President Clinton.

Congress must not throw away this critical element of American jobs and prosperity. The most prosperous times in America (and much of the rest of the world as well) have been those when free trade expanded: from 1873 to World War I; the 1920s; the Reagan boom from 1983 to 1990; and the post-NAFTA and GATT period that we are now living through. By contrast, protectionism in the 1930s contributed mightily to the spread and duration of the Great Depression, as it did to the decline of England from 1914 to the Thatcher era. And closed markets set the stage for the recent financial crisis in Asia.

Free trade promotes sustained prosperity in a number of ways:

Controlling Inflation: Inflation is almost nonexistent in the United States today. Keeping inflation in check has been a central pillar of our economic growth, consumer confidence, and financial-market strength. Free trade helps prevent inflation by increasing competition and reducing costs throughout the economy.

Accelerating Innovation: Advances in high technology, and the productivity growth that high technology has helped bring about, are strongly encouraged by free trade. Free trade not only reinforces the discipline of competition and promotes the rise of efficient companies, but also provides expanded markets for new products, thereby rewarding investment in innovative technologies, goods, and services.

Replacing Government with Markets: Worldwide deregulation is producing economic efficiency and opening markets around the globe. Nothing has given a greater boost to deregulation than free trade. Competition undermines inefficient state-run industries and has led to across-the-board deregulation in areas like transportation, telecommunications, and financial services.

Reducing Conflict: Free trade breaks down traditional political divisions. European unity, unthinkable 50 years ago, is increasingly apparent as the Common Market matures. Historical rivals like Argentina and Chile, Japan and South Korea, and Russia and Turkey increasingly have built cooperative bilateral relations on a foundation of common economic interests.

Giving America the Edge: Free trade opens up overseas markets to U.S. products and services where America has a comparative advantage over foreign producers: for example, in high technology, banking, insurance, intellectual property, entertainment, and a variety of manufactures. In this way, free trade continues to create and sustain millions of high-paying American jobs.

Without renewed fast track authority, America will lose the opportunity for significant trade gains that should flow to us from these hard-earned competitive advantages. For example, in Latin America the U.S. already has a trade surplus (even in the merchandise goods sector). But the Europeans are aggressively pursuing free trade agreements in South America to give themselves an advantage. There is reason to think they might succeed: for the first time ever, EU trade with the four countries of the Mercosur common market—Brazil, Argentina, Uruguay, and Paraguay—recently surpassed our own trade with those four nations. The EU is also negotiating with Mexico. Without fast track authority we are unable to counter this offensive in our own hemisphere. Nor can we go on the offensive in the growing markets in Eastern Europe now dominated by the EU, where our highly competitive service providers in finance, telecommunications, and travel are even now prevented from prying open markets that are closed to them.

‘Fast track’ does not mean that Congress gives carte blanche to the President and the Executive Branch. Any trade agreement negotiated by the President must and will be closely monitored by congressional oversight committees during the negotiations, and it must and will be carefully scrubbed once it is signed—all before it is even submitted to a vote of ratification. Each and every trade agreement negotiated under fast track will remain subject to congressional approval. The Executive Branch, and the U.S. Trade Representative in particular, must do a far better job of consulting with Congress regularly during the negotiation of trade agreements. That dialogue should take place with the Ways and Means Committee, as well as with other interested committees such as the Agriculture Committee. Such thorough consultation will allow Congress to prevent the Executive Branch from including non-germane, trade-destroying policies in agreements that are supposed to promote free trade.

Long-term economic growth is a key ingredient of stable, free, and democratic societies. As a result, the lapsing of fast track authority hurts American leadership in

building a prosperous and free world as much as it injures our own economic interests. We should move quickly to reinstate the authority that has promoted free trade year after year, from the Tokyo Round in 1979 to the Uruguay Round in 1994.

Fast track is the essential precondition for expanding America's export markets. It is time to reassert America's leadership in the world, and extend fast track authority once more.

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Policy Perspective
July 15, 1998

Two More Wins for the Environment

The Historic Environmental Achievements of the 105th Congress

House Republicans will take two major new steps today, building upon our historic record of environmental accomplishment. First, the House today will pass the Sonny Bono Memorial Salton Sea Reclamation Act, a bill that will restore and preserve the unique salt water ecosystem of this 30,000-acre environmental preserve. Second, we will pass the Tropical Forest Conservation Act, a bill that will protect tropical rainforests by allowing Third World nations to swap debt owed to the United States for tropical forest conservation.

These two votes are only the latest in a four-year string of environmental victories in Congress, which since 1995 has passed some 20 major environmental bills—more major environmental bills than the previous two Congresses combined. Here are the highlights of our historic environmental legislation, including these two new wins for the environment:

The Sonny Bono Memorial Salton Sea Reclamation Act, H.R. 3267, directs the Secretary of the Interior to reclaim the Salton Sea, an important 30,000-acre environmental preserve located about 130 miles east of San Diego. The Salton Sea is suffering increasing levels of salinity and pollution. Formed in 1905 by the failure of a temporary levee that allowed the Colorado River to flow into the Salton trough for nearly one and one-half years, the Salton Sea is a landlocked body of water that has grown into a unique salt-water ecosystem. Home to numerous species of fish and more than 375 species of birds, the Salton Sea faces serious threats today from salinity and pollution. Though water constantly flows into the Sea, carrying with it naturally occurring salts, industrial chemicals, and other pollutants, water can escape only through evaporation, leaving behind the pollutants and salts. About four million tons of salt go into the Sea every year, and the current salinity level in the water is approximately 25% greater than that of the Pacific Ocean. In the face of these high levels of salinity and pollutants, disease has broken out among numerous species of fish and birds, culminating in the sporadic deaths of hundreds of thousands of birds and millions of fish.

Under the legislation, the Secretary, in cooperation with state and local governments, is authorized to spend up to \$350 million to take steps to reduce and stabilize the salinity of the Salton Sea, and ensure the safety of its unique ecosystem.

The Tropical Forest Conservation Act – H.R. 2870, the Tropical Forest Conservation Act of 1998, facilitates protection of tropical forests by allowing Third

World countries to swap portions of their debts to the United States for tropical forest conservation. It establishes a Tropical Forest Facility in the Department of the Treasury to provide for the administration of debt reduction.

These benefits will only go to developing countries with tropical forests that have put in place major investment reforms and meet certain environmental policy requirements. The benefits will be used to provide grants to nongovernmental environmental, conservation, and indigenous peoples' organizations for preserving, maintaining, and restoring tropical forests.

These two important bills build upon the Congress' extraordinary record of environmental accomplishments. Here are some of the highlights of what we have accomplished so far during the 105th Congress:

A Record Level of Support for the Environment – Overall, Congress provided a record level of support for natural resources and the environment in FY 1997—over \$25 billion, the highest funding level in history. These funds will ensure that our children and grandchildren inherit an environment in even better shape than it is today.

Support for National Parks – H.R. 2107, the FY 1998 Interior Appropriations bill, passed Congress on November 4, 1997. The Act provides increased support for both the National Parks and the National Forest System to protect these greatest of our national treasures. One innovative reform in the bill allows parks, refuges, and forests to keep 80% of the fees they collect--allowing them to address maintenance backlogs and meet operational requirements. (It's a surprise to many park visitors, but park entrance fees have been diverted from the parks to Washington, D.C. for years.) H.R. 2107 improves America's wildlife refuges and land and water conservation efforts, continues restoration of the Everglades, and funds a major forest health initiative.

Improved Wildlife Conservation – The National Wildlife Refuge System Improvement Act became law on October 9, 1997. The Act, which passed the House 407-1, improves the federal management of the 92-million acre wildlife refuge system, thereby benefiting hundreds of species, including nearly 700 kinds of birds, 220 mammals, 250 reptile and amphibians and 200 kinds of fish.

Under the Act, the mission of the National Wildlife Refuge System—to administer a national network of lands and waters for the conservation, management, and restoration of fish, wildlife and plant resources and their habitats—becomes clearer and more manageable. For example, the Act facilitates resolution of competing uses by establishing a hierarchy of uses for the refuge system based on the following factors: the conservation mission of the system, the purposes of each individual refuge unit, compatible wildlife-dependent recreational uses, and non-wildlife-dependent activities. The Act also provides guidance for the Secretary of the Interior in administering the system, directing him to resolve conflicts in a manner that first protects the purposes of the refuge.

In addition, the Act promotes conservation by directing the Secretary of the Interior to propose comprehensive conservation plans for each refuge in the System (outside of Alaska), with a required maximum 15-year cycle for plan revision. Matters to be considered in plan development will include fish and wildlife distribution and migration patterns, plant populations, archaeological and cultural values, habitat problems, and opportunities for compatible wildlife-dependent recreation. In this way, the Act will help maintain America's precious wildlife both now and in the future.

Protecting Wildlife on Military Installations – On November 19, 1997, the Wildlife Management Act for U.S. Military Installations became law as part of the National Defense Authorization Act (H.R.1119). The Act improves the fish and wildlife management on nearly 25 million acres of land under the jurisdiction of the Department of Defense.

The measure reauthorizes and improves the law under which land controlled by the Defense Department is managed for fish and wildlife-related conservation and recreational purposes on over 900 U.S. military installations, benefiting nearly 100 federally-listed threatened or endangered species.

Specific improvements in the new legislation include: replacing existing conservation plans with integrated ecosystem management plans that encompass all natural resource management activities; requiring all military installations with significant natural resources to prepare and implement integrated plans; requiring that the military ensure that sufficient trained personnel are assigned responsibility to comply with the Act; and facilitating the sustained multi-purpose use of wildlife resources, including hunting, fishing, trapping and non-consumptive uses. To ensure compliance with the legislation, the Secretary of Defense must submit an annual report summarizing the status of these plans.

Saving Dolphins – H.R. 408, the International Dolphin Conservation Program Act, which encourages fishing methods that will not harm dolphins, became law on August 15, 1997. This legislation will implement an international treaty to protect dolphins and provide ecosystem protections for other marine life in the yellowfin tuna fishery.

The legislation, authored by U.S. Rep. Wayne Gilchrest (R-MD), is part of an international effort to protect this valuable species by implementing the provisions of the "Declaration of Panama," which was adopted by 12 nations, including the United States, in October 1995. The nations came together to develop a binding international agreement to protect dolphins and other marine life in the Eastern Tropical Pacific Ocean.

Other major provisions of the legislation include:

Protecting dolphins through more accurate labeling – Under the Act, the words "Dolphin Safe" will really mean "Dolphin Safe. " Before the Act, a "dolphin safe" label could be placed on tuna cans based on the type of fishing gear used to catch the tuna, not based on whether they killed dolphins. Now the "dolphin safe" definition will be based

upon the more accurate definition of actual observed mortality; if just one dolphin is killed during a tuna catch, none of the tuna caught could be labeled as "dolphin safe."

Protecting endangered turtles – The old "dolphin safe" definition did not take into account the numerous sea turtles and other species caught as "bycatch" by the dolphin-safe fishing methods. Unfortunately, those "dolphin safe" fishing methods can actually increase "bycatch" mortality as much as 100 times over the level of the new, safer ecosystem fishing practices under the Act.

Ensuring International Cooperation – The bill binds the signatory nations to the conservation and management measures enacted by the Inter-American Tropical Tuna Commission, ensuring cooperation to dolphin-safe fishing practices.

During the past two years, the number of dolphins killed has decreased to about 4,000 per year and the overall dolphin population is now 9.5 million and believed to be stable or increasing. This new law is essential to ensuring the continued protection of dolphins and other marine life in the Eastern Tropical Pacific.

Protecting Elephants – H.R. 1787, the Asian Elephant Conservation Act, which unanimously passed the House on October 21, 1997, became law on November 20, 1997. This Act supports Asian nations' programs to boost their now dwindling number of elephants by expanding programs to conserve endangered elephants

Approximately 35,000 to 45,000 elephants—listed as "endangered" under the United States' Endangered Species Act—roam in the wild of thirteen Asian nations, including 20,000 to 24,000 in India, 5,000 to 6,000 in Burma, and 2,500 to 4,500 in Indonesia.

The Asian Elephant Conservation Act, which is modeled after the highly successful African Elephant Conservation Act of 1988 and the Rhinoceros and Tiger Conservation Act of 1994, helps protect these majestic creatures by establishing an Asian Elephant Conservation Fund to be administered by the U.S. Department of Interior.

This funding—\$5 million per year for five years—would be in addition to any funds appropriated for African elephants, rhinoceros and tigers, and will be directed towards anti-poaching efforts, conservation management plans, translocation of threatened populations, monitoring of census figures and known populations, and public education for elephant conservation. And, in line with Congressional efforts to ensure that funding is directed at its intended targets, the Secretary of Interior is prohibited from spending more than three percent of the funds for administrative expenses.

Saving Endangered Fish Species – The Striped Bass Conservation Reauthorization Act (H.R. 1658) became law on November 19, 1997. The Act requires a moratorium on fishing for Atlantic striped bass in the coastal waters of a State that the Atlantic States Marine Fisheries Commission and the Secretaries of Commerce and the Interior determine is not complying with the Commission's plan for managing Atlantic striped bass. In order to enforce this moratorium, the Act provides for civil penalties and forfeiture of vessels, gear, and fish.

In addition, the Act mandates continuing, comprehensive studies of Atlantic striped bass stocks and a study of the socio-economic benefits of the Atlantic striped bass resource.

Enhancing Wetlands – The North American Wetlands Conservation Act (NAWCA), also part of the FY 1998 Interior appropriations bill (H.R. 2107) that passed in November 1997, increases wetlands conservation funding by 20% over FY 1997. NAWCA funds—which must be matched by non-federal entities—go to acquiring, enhancing and restoring wetlands across North America. In addition, NAWCA funds target those wetlands most critical to threatened species, shorebirds, and waterfowl. In this way, the Congress is accomplishing two important goals within one program, increasing wetlands and preserving troubled species.

Studying the Seas – The National Sea Grant College Program Reauthorization Act, which passed the Senate unanimously and the House with 422-3, became law on March 6, 1998. The Act will provide \$334 million for funding marine research and education at over 300 American universities. The Act authorizes funding for the 29 state and regional National Sea Grant College Programs located in U.S. coastal areas. In addition, the Act provides \$8.8 million annually for competitively awarded university research grants.

The National Sea Grant College Program was established in 1966 to improve marine resource conservation, management and utilization. The Sea Grant core program includes research, education and advisory services. Research funding is devoted to the development of marine-related technology, environmental studies and socioeconomic and legal research. A one-third non-federal match is required to receive federal assistance. The program is administered through the National Oceanic and Atmospheric Administration.

Pledging Support for the Oceans – H.Con.Res. 131, a resolution calling for increased international attention to environmental protection of the world's oceans, passed the House on November 14, 1997. This resolution states that an improved understanding of the ocean and the resources it contains is critical to the economy, environmental quality, and national security of the United States. It encourages the Administration to take advantage of the international focus on the oceans in 1998 to examine U.S. ocean programs, identify opportunities to streamline and better direct these programs, and take substantive actions to advance the exploration of the ocean and the appropriate use of ocean resources.

The resolution, introduced by Rep. Jim Saxton, Chairman of the House Subcommittee on Fisheries Conservation, Wildlife and Oceans, is part of Congress' support for the 'International Year of the Ocean.' This event will be marked by a series of conferences, international scientific research projects, and educational events designed to increase understanding of the ocean and encourage wise management of marine resources. Its primary goal is to "focus the attention of the public, governments, and decision-makers on the importance of the oceans and the marine environment as a resource." H. Con Res. 131 is part of Congress' contribution to these efforts.

The Clean Air Provisions in BESTEA – H.R. 2400, the Building Efficient Surface Transportation and Equity Act (BESTEA), which passed the House in March and was signed into law on June 9, 1998, sets aside nearly \$10 billion for the Congestion Mitigation and Air Quality Program (CMAQ). This program assists states in complying with the Clean Air Act by funding transportation projects that lower emissions. In addition, the legislation sets aside \$4 billion for transportation enhancements that are environmentally related. Setting aside highway funding for environmental activities helps mitigate the environmental impacts of transportation and assists states in complying with federal air quality standards.

House Bills

In addition to these new laws, the House has passed a number of bills that are awaiting Senate action.

Promoting Clean Energy and Water – On June 22, 1998, the House passed H.R. 4060, the Energy and Water Development Appropriations Bill for FY 1999, which grants \$20.6 billion in new discretionary spending authority to the U.S. Army Corps of Engineers, the Bureau of Reclamation, the Department of Energy, and several independent agencies. Among many key environmental provisions, the bill expands solar and renewable energy programs and accelerates cleanup of badly polluted Department of Energy sites.

The Rhinoceros and Tiger Conservation Reauthorization Act, which was approved in the House by voice vote, is designed to increase U.S. involvement in the international protection of endangered rhinoceros and tigers. The tiger population has decreased from 100,000 in 1900 to just 5,000 today. The rhinoceros population has decreased from 65,000 in 1970 to less than 11,000 today. The legislation continues U.S. participation in international programs designed to combat the illegal poaching of rhinos and tigers and expand conservation programs for these species.

The Quincy Library Recovery and Economic Stability Act, H.R.858, which passed the House 429-1, helps maintain our forests using local plans and initiatives, instead of mandates from Washington bureaucrats. The legislation will implement a pilot program designed by local California environmentalists, community leaders and timber workers to maintain economic stability, improve forest health, and prevent wildfires in the Plumas, Lassen and Tahoe National Forests in California.

The bill provides for the selective removal of crowded, smaller trees while leaving other, more fire-resistant trees in the forest. It also temporarily defers timber harvests on environmentally sensitive lands. Local environmentalists, elected officials and wood-product companies anticipate that the thinning prescribed in the bill will provide sufficient timber to economically stabilize the local communities. In addition to protecting the forests from future fires, the program will create 2,500 direct jobs per year and 12,250 over the life of the five-year program.

The Coral Reef Conservation Act, H.R. 2233, which unanimously passed the House and awaits Senate action, will create new protections for coral reef ecosystems

throughout the world. Nearly 10 percent of the world's reefs have degraded or have been destroyed, and this figure is expected to reach 20 to 30 percent by the year 2010. According to Congressman Jim Saxton, sponsor of the House legislation, "coral reefs worldwide are in great danger from both natural and human-induced causes. In U.S. waters near Florida, six new coral reef diseases have been identified in the last five year and they are spreading rapidly." Coral reefs protect our coastlines from waves, storm surges, coastal erosion, and provide natural shelter for marine habitats.

The bill establishes a Coral Reef Conservation Fund, which will support conservation projects benefiting coral reefs worldwide. The bill authorizes \$1 million to be appropriated into the fund annually for the next five years and requires that all grants be matched by other funds on a one-to-one basis. The Coral Reef Conservation Fund will be administered by the Commerce Department and will support coral reef conservation projects conducted by governments, nongovernmental organizations, or individuals with relevant expertise. Projects which are sustainable in the long term will receive priority. Grants under this program must be matched by other funds on a one-to-one basis. Administrative costs are capped at 3 percent of the amounts available in the Fund each fiscal year.

The Forage Improvement Act, H.R. 2493, passed the House 242-182 on October 30, 1997 and is now awaiting action in the Senate. The bill establishes a mechanism for uniform management of livestock grazing on Federal lands, providing ranchers who use the land with needed stability and predictability. The bill would institute a more modern grazing fee that better reflects the price of forage on public lands, raising the fee 36%, from \$1.35 to \$1.86. The Congressional Budget Office estimates that the bill would raise some \$6 million over the budgetary period.

The bill will also institute a program of scientific range monitoring to ensure that federal land managers make their decisions on the basis of current, reliable data. In doing so, it will protect the livestock producer, the rangelands themselves, and the public by ensuring that decisions are as factual, credible, and scientific as possible. With wildlife populations on public rangelands exploding and the Bureau of Land Management reporting that rangelands are in a stable or improving condition across the American west, the environment can only benefit from the renewed commitment to scientific monitoring and decision making. The bill provides for flexibility and local control, allowing the Secretary of the Interior to enter into Cooperative Allotment Management Plans with ranchers who have demonstrated that they are responsible stewards of the land. The bill also streamlines Forest Service and Bureau of Land Management regulations, providing uniformity to the current confusing tangle of rules. As a result, the federal government will be better off, as will the livestock producer, when the rules and regulations are clearly understood and more easily administered and adhered to.

Conclusion

Congress will do even more to protect the environment in 1998. We will reform the flawed Superfund program, which currently squanders half of the billions of dollars dedicated to cleanups on lawyers and bureaucracy. Reform legislation now being

considered in two House committees will slash this massive overhead and ensure that cleanup dollars end up helping the environment. And Congress will improve the 1972 Endangered Species Act, which has done too little to help threatened species come back.

This legislative record is Congress' contribution to the efforts all Americans are making to exercise responsible stewardship over the environment.

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Policy Perspective
July 8, 1998

Heather Wilson: Latest in Long History of Republican Firsts

First Woman Veteran Elected to Congress

The election of Congress' newest Member, Heather Wilson, which came on the heels of the special election of Congresswoman Mary Bono on April 7, 1998, marked another Republican first in American history: U.S. Air Force Captain Wilson is the first female veteran, and the first Air Force Academy graduate—male or female—to win election to the United States Congress. (She is also a Rhodes Scholar with two Oxford degrees, and a former NATO arms control negotiator.)

This latest “first” for women is one of several milestones since the historic 1994 election, continuing a long-standing tradition of Republican women leading America.

While January 4, 1995, will be remembered in history as the date of the swearing in of the first Republican Congress in forty years, it also the first time in nearly twenty years that women were elected to chair standing committees of the House, and the first time in U.S. history that a woman chaired a Senate Committee. The House had not just one but two women elected to chair committees in the 104th Congress. Former Congresswoman Jan Meyers served as the Chair of the Committee on Small Business, while Congresswoman Nancy Johnson served as Chair of the Committee on Standards of Official Conduct. In the U.S. Senate, former Senator Nancy Kassebaum chaired the Committee on Labor and Human Resources.

The historic level of participation of women in the leadership of the 104th and 105th Congresses does not end there. Women also earned subcommittee chairmanships on two of the House's most exclusive Committees, the Committee on Ways and Means and the Committee on Appropriations. In the 105th Congress, the number of female Chairs has continued to grow. Republican women chair a record seven House Subcommittees, including some of the most powerful in the House, and three Senate Subcommittees. Never under Democratic rule did women wield such power.

Furthermore, three women served in the elected leadership of the House in the 104th Congress, and three women—Jennifer Dunn, Deborah Pryce, and Sue Myrick—serve in the elected House leadership in the 105th Congress as well.

That it took a Republican Congress to achieve these firsts for women should come as no surprise to those who know the historical record. Throughout America's history, the Republican Party has been the leading champion of women's political equality.

By 1878, Republicans had already seated suffragists at their state party conventions, and had adopted a resolution favoring the admission of women to politics. That same year, Senator A.A. Sargeant, a Republican from California, introduced the Susan B. Anthony Equal Suffrage Amendment. The American woman's right to the vote was defeated four times by the Democrat-controlled Senate. But women's suffrage finally passed when the Republican Party regained control of Congress in 1919.

Twenty-six of the thirty-six states which ratified the constitutional amendment giving American women the vote were led by Republican legislators. Before the Amendment was adopted, twelve states--all Republican--had extended the vote to women.

Plainly, the Republican Party led the way for the women's movement into the 20th century. As these developments were occurring, in 1918, the first woman was elected to the House of Representatives. She was Jeanette Rankin of Montana, a Republican. A few years later, Republican U.S. Representative Florence Kahn became known as one of Congress's most effective leaders during her twelve years of service. GOP Representative Edith Rogers broke Kahn's record, serving thirty-five years in the House (from 1925 until 1960). During this period, she was named to head the Committee on Veterans Affairs and helped lead the fight for the G.I. Bill.

The 1952 election of President Eisenhower brought the appointment of Congresswoman Clare Boothe Luce as the first woman ambassador to a major power. Eisenhower also appointed to the President's cabinet Oveta Culp Hobby, the first woman Secretary of Health, Education, and Welfare (now Health and Human Services).

During the 1950s and 1960s, some of the most important members of the House and Senate were Republican women: Rep. Frances Payne Bolton, the longest-serving woman sitting in the House of Representatives; Rep. Florence Dwyer, a key proponent of civil rights legislation and chief sponsor of the Consumer Protection Agency; Rep. Cecil Harden, who led reforms in armed forces procurement; Rep. Catherine May, author of a number of nutrition and hunger laws; Rep. Katharine St. George, who drafted the first Equal Rights Amendment in 1950 and authored the Equal Pay Act of 1963; and Senator Margaret Chase Smith, who served nine years in the House and twenty-four years in the Senate and was the first woman to have her name entered in nomination for President by a major party.

In the 1970s, the Republican Party elected the first woman to be national co-chairman of either party: Anne Armstrong, who in 1972 also became the first woman to deliver the keynote address of a major party. Republican Presidents Nixon and Ford appointed more women to top government posts than any previous president of either party. And Republican Nancy Kassebaum became the first woman of either party elected to the U.S. Senate without first having been preceded by her husband or having been appointed to fill an unexpired term.

In 1981, the first woman justice was appointed to the U.S. Supreme Court: Sandra Day O'Connor, who was chosen by Republican President Ronald Reagan. President

Reagan broke the previous record for appointing women to top policy-making positions. Three women, Elizabeth Dole, Margaret Heckler, and Jeane Kirkpatrick, served concurrently in his cabinet, another first. By the conclusion of President Reagan's term, he had selected women for over 1,400 high-level policy-making positions. President Bush built on his predecessor's record, selecting a new-record 2,500 women for high-level positions.

Today, at the state level, two of the nation's three female governors are Republicans—Jane Dee Hull of Arizona and Christine Todd Whitman of New Jersey.

Thus, it is hardly surprising that it took the first Republican Congress in 40 years to name more women than ever to top leadership posts and committee chairmanships. The Republican Party's record of relying on women for leadership and helping American women succeed remains unsurpassed in the '90s.

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China's Environmental Destruction

Threatening Its Citizens, Threatening the World

President Clinton was right to make environmental progress a vital issue in the recent China summit. Unfortunately, given the extent of Communist China's environmental depredations, he needed to be even more forthright. The myriad environmental disasters facing China have earned it the appellation "the Pollution Superpower." Five of the World's smoggiest cities are located in the People's Republic of China, and Communist China constitutes perhaps the greatest threat facing the international environment.

Today, the key determinants of environmental quality are no longer in dispute. First and foremost is political and economic freedom. A free people simply will not consent to live in an unsafe, polluted environment. They will enact and enforce strong environmental protection laws in the political arena, and they will support the environment both in their charitable giving and in their choices as consumers in a free marketplace.

Economic freedom--a capitalist, free-market economy--sustains the environment in other ways:

Free markets promote more efficient use of resources. As Cento Valjanovski has pointed out, "Mature capitalist economies use fewer resources to produce the equivalent level of output and hence do less damage to the environment." Thus, even though western economies consume more energy per capita, they do it more efficiently and more cleanly than socialist countries, which, per dollar of GNP, consumed almost three times as much energy as capitalist countries.

Free markets create the prosperity that underwrites the infrastructure needed for the most basic environmental safeguards. According to environmental expert Indur Goklany, environmental quality indicators such as access to safe water and the availability of sanitation services "improve almost immediately as the level of affluence increases above subsistence." By contrast, the poverty and retarded development resulting from unfree markets--central planning, lack of property rights, corruption, the absence of the rule of law--have resulted in much of the third world lacking such basic infrastructure as sewers and waste-water treatment facilities, forcing people to drink from the same bodies where human and industrial wastes are discharged. In many third world nations, children must drink water that is of lower quality than the process effluent coming from American factories.

Free markets create the technological innovation needed to protect the environment. New cars today, for example, emit 97% fewer hydrocarbons and carbon monoxide than the vehicles produced in the 1960's, and automotive pollution-control

technologies are continuing to improve. As a result, although vehicle miles in the United States doubled from 1975 to 1990, total emissions of such major pollutants as VOCs and carbon monoxide have dropped precipitously over the same period—by 50% or more over two decades, according to EPA estimates. By the same token, although electricity generation and use in the United States have increased, more efficient power plants use less coal to generate electricity, and improvements in pollution-control technology have made it possible to cut emissions drastically--by 99% in the case of particulates, for example.

In short, "[p]rosperity is not only compatible with a clean environment, it is environmental protection's necessary precondition."

A Cautionary Tale: Unfree Societies and the Environment

Tragically, the evidence is also clear about the environmental impacts of dictatorship and unfree markets. The environmental havoc wrought by Soviet-style central planning and dictatorship in the former Warsaw Pact countries is now generally conceded. And the most environmentally dangerous places on earth are not the economic powerhouses of the G-7 but the least developed countries. 1.3 billion third-world residents breathe dangerously unsafe air, and a billion drink unsafe drinking water. In 1993, four million children under the age of five in the developing world died of acute respiratory disease caused in the majority of cases by air pollution—more than the total number of deaths at all ages and from all causes in both the United States and the European Union. Another 3.8 million young children died of diarrhea stemming largely from polluted drinking water.

All of the ten cities commonly listed as the most polluted in the world are outside the so-called First World, and fully half of those are in Communist China. Dhaka, the capital of Bangladesh, "has the highest count of lead in the air among the most polluted cities." And

lead is not just any pollutant--it has been proven to take IQ points away from children. In New Delhi, the world's second most polluted city, 7,500 inhabitants die annually of respiratory illness, mainly caused by vehicle emissions and industrial smog. Unsurprisingly, all ten of these cities are located in countries lacking many of the basic economic and political freedoms necessary for environmental protection.

The experience of East and West Germany is particularly instructive in this matter. East Germany, although poorer than West Germany, used far more energy than its capitalist cousin--40% more on a per capita basis and over three and a half times as much per dollar of GNP. Furthermore, the air in West Germany--as measured by carbon monoxide levels--was affirmatively cleaner than East Germany, and, in contrast to East Germany, was getting steadily cleaner when the Cold War ended in 1989. From 1980 to 1990, the last decade of the Cold War, carbon monoxide levels rose by 6.5% in East Germany, while West German levels shrunk by 39%. This East German figure is especially telling because, thanks to improved automotive technology, carbon monoxide

levels were generally dropping in this period. Since Germany was reunited, carbon monoxide levels have continued to fall--this time, in the east as well as the west.

Communist China: The Worst of All Worlds

Communist China--home of five of the world's ten most polluted cities, and currently the world's leading example of state control over economic and political life--poignantly illustrates the linkage between lack of freedom and environmental devastation. At a time when both the environment and the cause of global freedom are--not coincidentally--improving, the environmental situation is worsening in Communist China.

According to environmental writer Gregg Easterbrook, the 25 billion tons of unfiltered industrial pollutants that the Chinese sent into their waterways in 1991 gave Communist China "more toxic water pollution in that one country than in the whole of the Western world." In the Chinese capital itself—one of the ten most polluted cities in the world—annual average sulfur dioxide levels are twice the maximum set by the World Health Organization, while particulates are four times the WHO maximum level. Acid rain occurs across a quarter of the nation, and some 400 animal species are seriously endangered. Nearly 80% of China's lakes and rivers are polluted. Chongqing, perhaps China's most polluted city, is plagued with sulfur dioxide-laced acid rain.

China alone accounts for 14% of world carbon emissions, largely because of China's large—and growing—dependence on coal. Chinese carbon emissions grew by 27% from 1990 to 1995. In 1996, nearly half of international damage from weather-related disasters took place in China. China's troubling environment is also a concern beyond China's borders, as its choking air pollution affects its Japanese and Korean neighbors.

Unsurprisingly, Communist China lacks both the factors necessary for ecological improvement--economic and political freedom. As a result, the double-digit economic growth China is now experiencing is unaccompanied by the kinds of environmental progress that a free citizenry would demand.

Because of its autocratic system, China's environment is even worse than other developing nations. Per-capita emissions in China are 75% higher than in Brazil, which has an economy of similar size. In addition to all this, China has a poor record of environmental enforcement. If the rest of the developing world followed the Chinese model, the earth would be in very grave danger.

Conclusion

Economic and political freedom is the key to environmental progress. Without it, the false dichotomy between economic growth and a cleaner environment will continue to bedevil the people of the world's poorest countries.

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Policy Perspective
June 23, 1998

Mr. President: Don't Dishonor the Dead of Tiananmen Square

What the President Should—and Shouldn't— Do at the Beijing Summit

Introduction

When Bill Clinton travels to the People's Republic of China for his first visit to Beijing, he plans to be received in Tiananmen Square. Agreeing to Communist demands for a reception on the bloodstained scene where, nine years ago to the month, the People's Liberation Army slaughtered an estimated 2,000 Chinese citizens demonstrating for democracy will unfairly symbolize to the world that America has abandoned freedom.

This is not the first time for President Clinton. In December 1996, he invited People's Liberation Army General Chi Haotian, who led the troops that carried out the Tiananmen Square massacre, to the White House. He gave General Chi a 19-gun salute, with full military honors, and met personally with him on the eve of International Human Rights Day. During that 1996 visit, General Chi took the opportunity to advance the worst Communist propaganda lie of modern times: that "[n]ot a single person lost his life in Tiananmen Square." In fact, according to all credible Western sources, between 1,000 and 2,600 innocent people were slaughtered by PLA tanks and troops that day.

If the President persists in his horrific plan for an official Communist reception in Tiananmen Square, he will have reached a new low in offering unearned olive branches to the Communist Party that rules China. His gratuitous and insensitive gesture will irreparably damage America's image and credibility as the world's champion of democracy and human rights.

The Least One Can Say at Tiananmen: The Scalfaro Standard

Even if he permits the symbolic blow to democratic values represented by a greeting ceremony at Tiananmen Square, President Clinton must at least muster the courage to match the gestures of Italian President Oscar Luigi Scalfaro earlier this month. President Scalfaro was welcomed next to Tiananmen Square on June 10, 1998 by his Communist hosts, who wished him not to speak there, but he then made an unscheduled visit to Tiananmen the next day. While standing at President Jiang's side, Scalfaro offered a prayer for "all those who fell." The world took notice.

America Should Be Freedom's Champion

If Bill Clinton does go through with his plan to appear before the world in Tiananmen Square, what specifically could he say that might possibly sustain American credibility?

It is not enough, certainly, to laud Communist China's sub-municipal "village-elections" as a minuscule sign of nascent democratization. The first thing the President would have to say in Tiananmen Square is that he supports what the Chinese people themselves died for there:

China's leaders must respect the rights of Chinese people to freely express themselves and to assemble. This, the President would have to say, China's leaders manifestly did not do nine years ago, and still do not do today.

Second, the President would have to speak as the conscience of the world by calling for the Communist Party to deconstruct the laogai—the notorious system of reform-through-labor camps in which political dissidents are jailed. President Reagan once said, standing on freedom's side of the Berlin Wall, "Mr. Gorbachev, tear down this wall!" President Clinton, standing in the midst of Communist China's public killing field, would bear a greater responsibility to speak truth to evil. At a minimum, he would have to call for the Communist Party to tear down the laogai.

Can America, and the world, expect this from Bill Clinton? His administration has hailed China's Communist government for the release of dissidents Wei Jingsheng and Wang Dan, when in fact they were not released, but rather permanently exiled, the charges of counter-revolutionary sedition still maintained against them.

They can never go home, whether to see their loved ones or to express their views about their government. Only when exiles such as Wei Jingsheng and Wang Dan can go home will China be free.

Third, President Clinton should ask the Chinese government to let all its citizens speak and think freely. Now, not later, is the time to stop the censorship of foreign journalists, as well as the Internet.

And President Clinton would have to insist that the Communist government respect human rights throughout China, including Tibet and Xinjiang. The Clinton Administration's own Human Rights Report on China stated that, "Serious human rights abuses persisted in minority areas, including Tibet and Xinjiang, where tight controls on religion and other fundamental freedoms continued and, in some cases, intensified."

In Xinjiang, the Chinese Communist authorities have resorted to brutal oppression of the Uyghurs. The State Department Human Rights report indicates that in 1997, merely practicing one's religion was cause for state executions.

And in Hong Kong, the Communist Party rigged the election rules so that only 20 of the 60 seats in the legislature are democratically elected.

President Clinton would have to insist that the Communist Party end its 48-year-long military occupation of Tibet. Tibet's Buddhist leader, the Dalai Lama, has been living in exile from Communist-occupied Tibet since 1959. President Clinton would have not only to insist that China's Communist leaders end the exile of the Dalai Lama, but

also that they release the other principal spiritual leader of the Tibetan Buddhists, the Panchen Lama, whom they kidnapped and have held for three years.

Finally, President Clinton would have to insist that the Communist government in Beijing stop threatening the six million Chinese people of democratic Taiwan. The launching of nuclear-capable missiles in the Taiwan Strait during Taiwan's democratic elections in 1995 and 1996 was a horrible mistake. Beijing must, as Taiwan has done, renounce the use of force as an option for dealing with cross-strait relations.

Conclusion

Human rights is not the only dimension of our bilateral relationship with the People's Republic of China. But it will be the entire focus of a presidential visit to Tiananmen Square. If President Clinton chooses to be formally received by the Communist government in Tiananmen Square—with all of its symbolism and meaning to the world—then he must make the human rights address of the 20th century to justify his grisly selection. An American President should not participate in a celebratory event at Tiananmen Square as long as the regime which massacred democracy activists there nine years ago continues to deny it, continues to imprison dissenters, and refuses to release the over 150 Tiananmen Square survivors who even now languish in the laogai prisons.

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Policy Perspective
June 2, 1998

George Shultz: The IMF is the Problem, Not the Solution

Former Secretary of State and Treasury Questions Funding the IMF

On Tuesday, May 5, 1998, George Shultz testified before the Joint Economic Committee in a hearing on the subject of "The International Monetary Fund and International Economic Policy." As an economist and former Secretary of the Treasury, Secretary of Labor, and Secretary of State, there is no more qualified statesman to ask about the role of the International Monetary Fund today.

In his testimony, Secretary Shultz elaborated on advice he has offered as a member of the Congressional Policy Advisory Board. He described the IMF's evolution, beginning with its creation in 1945 through 1971, when its original purpose of short-term exchange rate stabilization was removed by President Nixon's elimination of the gold standard. Since 1971, he stressed, the IMF has been a global bureaucracy in search of a mission, uncontrolled by either its charter or the countries that fund it.

He suggested that the Asian economic crisis does not justify a massive expansion of an unaccountable, non-transparent IMF bureaucracy, and that in any case, the IMF has ample resources remaining even after fully funding a bailout of loans to Indonesia, South Korea, and Thailand. Moreover, in his view, the IMF actually helped cause the current Asian crisis.

Secretary Shultz favors folding a redundant IMF into the World Bank or replacing it with an international forum on monetary policy (without lending authority). At the very least, he cautioned, Congress must extract more information from the secretive IMF on its track record—such as the suppressed internal IMF document on how the IMF's program in Indonesia caused a run on East Asian banks. His opening statement follows:

**Statement of Hon. George P. Shultz,
Joint Economic Committee Hearing on
"The International Monetary Fund and International Economic Policy"
May 5, 1998**

Thank you, Mr. Chairman, and Members of the Committee. It is a privilege for me to be testifying once more before a congressional committee, and particularly since I see so many familiar faces and even some friendly faces. And it is a privilege always to be part of the outstanding group you have assembled, Mr. Lindsey, Mr. Niskanen, who I

know very well, but specially Paul Volcker with whom I have worked closely over many years, and who has given such distinguished service to our country.

I am going to address myself to some problems with the IMF as I see it, and I will state my own bottom line right at the beginning. I am very skeptical of what the IMF has done. I think, at a minimum, the Congress owes the American people a very close examination of its activities before you vote on this money. And I think, myself, when you take that close look, you will wind up not voting the money, at least that is my instinct. But let me go through some of my reasoning with you.

First of all, the problems of governance. The IMF was established with a charter way back right after World War II, and its job was basically to monitor the gold-based par value exchange rate system that was put in place. And I think it is fair to say that the brilliant thinkers of those days felt that you needed to establish a stable set of exchange rates in order to promote trade and investment. And also they had in mind the problems of the 1930s when you had protectionist policies arise that were very damaging, and competitive devaluations were kind of the other side of the coin of the protectionist trade policies. So that was fundamentally the IMF's role.

When it was necessary to close the gold window in 1971 and the par value system essentially went by the boards, we went into basically a floating rate system so that function of the IMF ceased. It is a very capable bureaucracy, and it has looked around for other things to do. And essentially it has taken up whatever seemed to be a problem of the moment without any real basis in a charter.

So you have an organization that now has lots of money. From the figures that I have seen right now, it has on hand, after deducting for what they have committed in the Asian crisis, on the order of \$47 to \$48 billion, so it has got a lot of money on hand. It is seeking what amounts to another \$85 billion, including what other countries would contribute beyond the amount that the U.S. would contribute.

So you have an organization without any real restrictions in a charter that says, here is what you are supposed to do, here is what you are not supposed to do. It nominates itself to do various things, which I will come to later, and it seems to me a real question whether we want to put in place an international bureaucracy with that much leeway and that much money just to do whatever it thinks is right, particularly when its track record shows that it has done a lot of things that are not right.

So you have real problems of governance. It is certainly the case historically that when the United States has wanted the IMF to do something, it has been able to get its way. And when you travel through Asia as you did, and I did recently as well, the Asians almost don't distinguish between the IMF and the United States. And so whatever resentments there are about whatever the IMF does, we get the blame for it. And there is going to be a considerable backlash, I am sure. But at any rate, we are able to promote policies of one kind or another. And you have problems of governance that arise from that.

And I use the recent Mexican crisis as an example. The administration, you recall, proposed a very large scale bailout. And they took that to Congress, and that proposal was debated around for several weeks and it became apparent that the Congress would not act on it. It was not in favor of it. So the Administration then took that proposal off the table, and in an unprecedented, let me underline unprecedented, move, used the Exchange Stabilization Fund that the Secretary of the Treasury has at his disposal. It had never been used like this before.

And then with I think about a \$17.5 billion IMF commitment, the IMF had never operated on that scale before, put forward this very large Mexican bailout. Now aside from a legitimate debate about what that bailout did or did not do, it seems to me that there is a question of governance here: money that the Congress decided it did not wish to authorize and appropriate for an identified purpose was, through the IMF and through this fund in the Treasury, used in an unprecedented way by the Administration.

I was always taught that the Constitution said something like you cannot spend money unless it is authorized and appropriated. So there are some real issues of governance here.

I think it is fair to say that Administrations have tended to use the IMF often to get things done that they could not get done through the Congress. The very large scale aid to Russia is an example. The Nunn-Lugar money, with solid Congressional support, does a good job aimed at the nuclear problem. But I doubt that the Congress would have gone on with the large scale general budget support for Russia, particularly since the general budget supports whatever is going on. And I think, gentlemen, that through the IMF loans to Russia, we have, in effect, supported atrocities in Chechnya, and I don't know why we should want to do that.

So, anyway, my first point is that there are issues of governance. And if there is going to be an IMF, it seems to me there ought to be a look at its basic charter, and there should be some statement about what this organization is for, and what it is not for. It is not an all-purpose organization, but it is operating that way.

The second point I want to make has to do with crises. Right now, as I have read the papers, the Administration is saying that there is a major crisis in Asia, and this money is needed. If it does not get voted, somehow the world is going to fall apart, and it is going to be your fault if you do not vote for the money. That kind of use of crisis is fairly typical.

I want to give you four brief examples of things that I have been involved in that are not IMF things, but are of the same sort.

Back in 1969 when I became Secretary of Labor, I inherited a strike on the Gulf and the East Coast: a longshore men's strike. It started the previous October. President Johnson had declared the strike to be a national emergency and had used the Taft-Hartley procedures to enjoin it.

The unions appealed and, on a fast track, it went to the Supreme Court. And the Supreme Court agreed with the President that it was a national emergency. But the Taft-Hartley injunction time ran out. And when I became Secretary of Labor, the strike was on and had been declared a national emergency, so what to do.

In my academic days, I had written a lot of things about how government was intervening too much and distorting the system of collective bargaining, taking away people's sense of responsibility and accountability for what they were doing in the Kennedy and Johnson years, and that government should do less.

So I was on the spot and I went to President Nixon with this problem. He was preoccupied with the Vietnam War. I said to him, Mr. President, your predecessor was wrong and the Supreme Court was wrong. This strike will cause a lot of disruption, and some people will be laid off and businesses won't like it, but it is not a national emergency. And if we will let the people know that we are not going to intervene beyond mediation, they will get it settled. In fact, the disruption is the kind of pressure that the market produces that causes people to settle. And we did that. And after about five weeks or so, the strike did get settled. And we had made a point, and we kept at it.

And I think the system of collective bargaining was transformed by that decision into one in which people had to assume responsibility themselves for what they did, rather than always passing it on to the government to intervene and tell them what to do. So the crisis that was declared by the President and the Supreme Court turned out not to be a national emergency.

When I became Budget Director in 1970, I had hardly been there, but there was a very large financial organization, and, Paul, you will remember this, because you and I were both involved in this problem. The Penn Central. Do you remember the Penn Central? It was a railroad, but it was far more than a railroad at this time, it was a big real estate and financial investor. And it was about to go bankrupt. It was a huge firm.

My mentor, Arthur Burns, a man that I had served and revered when I was at the Council of Economic Advisers, was Chairman of the Federal Reserve at the time. And he was in the Oval Office arguing that the government had to bail out the Penn Central, which could be done through a guaranteed loan from the Pentagon. And if it were not done, there were all these cards that would fall.

And I found myself uneasy and thought, who am I to argue with Arthur Burns that the financial system was stronger than that. That if you bailed out the Penn Central, you would send the wrong message: that you can get away with it, you can make mistakes and get bailed out. Furthermore, we would get enmeshed in this whole thing. I will never know how President Nixon would have come out on it, because at the crucial moment, Bryce Harlow, and some of you will remember Bryce, a wonderful Congressional relations and political adviser, walked in and said, Mr. President, in its wisdom the Penn Central has hired your old law firm to represent them in this matter, and under the circumstances, you can't touch this with a 10 foot pole.

So the Penn Central went down, and Arthur, in effect, did a masterful job of maintaining liquidity in the marketplace and nothing happened. So the crisis was overrated.

I won't go through the Lockheed story, unless somebody wants to. But I will take something more recent that I was involved in.

I am the Chairman of Governor Wilson's, California Governor Wilson's Economic Policy Board, so I weigh in on things as they go along in California. And you may remember we had a bankruptcy in Orange County. And it came about because the high flying investment approach of the County, which the taxpayers loved when it was going great, suddenly ran into foul weather. And the County went – was going bankrupt. And it was the same pressures for the Governor to intervene somehow and bail out Orange County.

And people said the whole system of municipal finance in this country will go down because here is Orange County – Orange County's gross product is bigger than Thailand, bigger than the Philippines, bigger than Indonesia I believe. It is a big place. And the Governor stayed out of it. And they kicked and they screamed and they sued people. But they had to face up to their problems, and rather than the system of municipal finance collapsing, I think, on the contrary, it caused people all over the country to look at their own investment policies more carefully and see that they were doing a sensible job.

So I am only making the point here that I think typically crises are overrated in prospect and used to justify things that have big, big downsides, and in which the downsides are not quite seen at the time the intervention is being proposed.

Third, I want to suggest to you two general principles that seem to me to be needed to govern thinking in approaching how this international financial system should be working in this day and age. There is a lot new in the financial system. It is very fast moving. The information age provides information quickly, but also the ability to move money around very fast, and so you have a very fast moving situation. And I think in such a fast moving situation, you must have players, countries, borrowers, lenders, who are responsible and accountable.

The more you deviate from responsibility and accountability, the more poorly the system will work because it is only when people do their due diligence carefully – don't loan money when there are questionable high risks, realize that you are going to be accountable if you make a mistake – that the system will work. And as soon as you get away from that principle, then the system will start misfiring, and you will start creating crises that would not have been created otherwise.

The second principle I would suggest is that the best insurer of responsibility and accountability is the marketplace, because it is relentless in its appraisal of how things are going with respect to a particular loan or economic proposition, and it makes its judgments. Certainly sometimes it swings a little more than perhaps is justified, but it

comes back. And with all its pluses and its minuses, the marketplace is the best insurer of accountability and responsibility. And when you get away from the marketplace and its judgments and substitute the judgments of some managerial group, whether it is the IMF, we have all seen what has happened in centrally planned economies. People can make wrong judgments. So those are two principles.

I think what we are seeing in the IMF's behavior is a pattern of escalation. And I personally wonder where it is going, where does Mr. Camdessus think he is taking us. Go back just to the 1980s, not before that, the 1980s, we have the problems in Latin America. The U.S. government and the IMF were involved in trying to cope with those debt problems. The amounts of money used were very, very small in comparison with what is going on currently. The countries and those who had loaned the money basically were encouraged to interact together and roll over loans and extend and so on, and that is the way that worked.

I think, in retrospect, you can do a lot of second guessing of what took place, because what was on people's minds when I was present, I was kind of on the side lines, I had other things to do as Secretary of State, but I was watching. As I recall, people were very nervous about what would happen to major U.S. banks if the full dimensions of the bad loans were needed to be recognized. So to a considerable extent what was done was motivated by concern over the banks as distinct from concern over what was going to happen in Mexico, Argentina or wherever.

And it seems to me that you can argue that if the reality had been recognized earlier, maybe we wouldn't have had such a lost decade in Latin America. We do have one case study to compare with the IMF Latin American role, and that is Chile. Chile had Mr. Pinochet as its President. They got into similar troubles. They were pegged to the dollar, and the dollar got very strong in the early Reagan years, with Paul Volcker's wonderful work, the Fed, had the discipline necessary to take inflation out of the system, the dollar soared in value and Chile was pegged to the dollar. And it became untenable, and had a pattern very much like what we are seeing today, but because of Mr. Pinochet, Chile was an outcast. Nobody would help them.

The IMF wouldn't help them. We wouldn't help them. Nobody would help them. So they had to cope for themselves, which they did. They had a hard time. But by the mid-'80s, they had the only healthy economy in Latin America. So that is what you can do if you can stay away from the IMF. At any rate, that was intervention. But the scale was small compared with today.

Then we turn to the recent Mexican bailout, and as we know, suddenly the scale is up in the \$40 billion range. Breathtaking. And nowadays you see people thinking you have got to have that kind of money around. But it wasn't around before. This was an innovation based on questionable governance. But all of a sudden, we are in a different ballgame.

And don't think that it isn't noticed. And don't think people didn't realize that one of the first things done in the big Mexican bailout was to take out the people who had

loaned money, short-term money to Mexico at high rates, who were risky. In other words, they got returns commensurate with the risk, but then when the risk materialized, they were taken out, so Mexico didn't have to default on those loans. And that message becomes part of the atmosphere.

Following the Mexican bailout, with administration support, the IMF collected an additional fund of, I think, around \$40 billion. And this was, as I read about it in the papers, to deal with, quote, future Mexicos. In other words, it was an invitation. Here is the big fund, it is an invitation. So now we are scaled up in a different way.

Then comes the Asian crisis, but we have been through all of that. And you now have very large amounts of money at play. I think it should be noted that the proposal now before the Congress was developed before the Asian crisis. So this proposal that you are dealing with was not as a result of the Asian crisis, it was in the works before and part of a pattern of escalation of the ambitions of the IMF.

As I understand it, they have around \$47-48 billion on hand. They expect some income in the next year or so of around \$20 billion. If you vote for the tranche now asked for and that is escalated up as other countries participate, they will also have an additional \$85 billion or so. That will add up to around \$160 billion. That is a lot of money to throw around without a charter.

So where are they going? I think that, as you see the pattern of intervention, it has gone far beyond what we saw in the 1980s, when essentially people were trying to restructure debt and in one way or another cope with the immediate balance of payments problems, moving into an ambition to reform the way various countries run themselves.

Now, countries around the world probably could stand a lot of reform, and some people even think the United States has economic problems that should be faced. But I wonder if this is the role of the IMF.

I was in Argentina recently. They had been telling Argentina that you have to curb your labor unions and that you ought to devalue your currency. Well, I don't know. I am sure there are a lot of managements cheering the idea of curbing the labor unions, but I don't know what business that is of the IMF really. And as for devaluing the currency, if I were in Argentina, given their history of inflation, and they have a currency board arrangement down there now that has served them well and they have got control of inflation. And it is still a question, this standard IMF advice to devalue. I think it is bad advice. But at any rate, in this ambition, we see scale and then we see intrusiveness.

If we – if we could say, stipulate that the IMF is always right, the IMF really knows what it is doing and sovereign governments really are really fallible, therefore, it is a good idea to substitute the IMF for economic policy decision of sovereign governance. Then maybe this would be a good idea, but I don't think the IMF's track record is that impressive. So when you appropriate or grant this money you are fueling these ambitions.

Now, in questions, I would be glad to try to respond on individual countries as what the IMF does and so on. But I am just trying to set out some general thoughts here.

And let me set out some thoughts, saying, well, all right, if you are against this thrust, what are you for, what should be done as we have this fast moving world.

Well, I think, first of all, what needs to be done is to try to get the bailout expectations out of the system that are starting to run wild through the system. Those expectations undermine a sense of responsibility and accountability. As I have listened to people who are on the other side of this argument from me, they fundamentally agree with that point, but it is hard to know how you do it if you hold out a \$100 billion fund and you are ready to intervene with it.

So you are in a dilemma. But I think back, just as in the collective bargaining example that I gave you, that if you are going to get people feeling responsible and accountable in the collective bargaining system, you have got to convince them that the government isn't going to be in there all the time telling them what to do. And, by the same token, if you are going to get the bailout mentality out of the system, you have got to remove this big overhanging amount of money.

Second, I think that it is wise to point out the fact, and I think Mr. Hinchey was saying this in some of his comments, that a lot of the things that have gone wrong have nothing to do with the new information age and all that. They have to do with classical errors, with people getting too much debt in comparison with equity; with people having short-term borrowing on one side of a transaction and long-term commitments on the other side of the transaction; with people relying on a peg to the dollar when the policies being followed don't match the U.S. policies and, therefore, strain the peg; and with an overreaching notion that somehow devaluation is an answer and is going to produce more exports, when we know through our experience that unless you accompany devaluation with a very strongly disciplined economic policy, all it does is produce inflation, and you are right back where you started from.

So there is nothing new about these problems. They are the old problems, and people need to, when they commit these sins, they need to pay for them.

I have talked to a lot of people around the world, people in the financial community. And, of course, a lot of them don't agree with what I am saying, but some do quietly. And I have heard some say, one thing we do need is some sort of a convener, because it is hard for an individual financial institution to be a convener. Sometimes it is hard for a country to be a convener. If you have an international agency that is competent, it can convene meetings and point to problems, as in the Korean situation, where lenders and borrowers were caused to come together and restructure debt and so on.

And I said, well, you mean an IMF without any money, and the guy said, yeah. I said, well, I would go for that. And there are some functions, but maybe there is a convening function for somebody to perform.

But I do also believe, especially at a time when we have the information age, when we have all of this fast moving money around, that sovereign nations are key players. And we need to respect the sovereign nations and cause them to feel that they are

respected, but also are on the spot, and encourage them to regard themselves as responsible and accountable players.

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Cover-Up for Big Communist Tobacco

The U.S. distributor of Communist China's Red Pagoda Mountain cigarettes, who gave \$50,000 to the Democratic National Committee in 1996, was one of four witnesses whose congressional testimony was blocked on a party-line vote by the minority members of the House Government Reform and Oversight Committee on April 23. Since a two-thirds vote is required, that prevents the cigarette's U.S. distributor, Kent La, from testifying under a grant of immunity already agreed to by the U.S. Department of Justice. La would testify about whether foreign tobacco money was funneled to the Democratic National Committee before the 1996 elections through John Huang, DNC fundraiser and former Clinton Administration official.

If immunized, La will be required to testify about political contributions made by tobacco billionaire Ted Sioeng, his family, and associates in their worldwide tobacco business--contributions that totalled \$400,000 to the DNC in 1996 and included \$50,000 from La himself. All of these contributions were solicited by John Huang. Over half of the \$250,000 contributed by Sioeng and his family was derived from foreign sources.

Sioeng, the subject of parallel investigations by the U.S. Department of Justice and the Government Reform and Oversight Committee, is deeply involved in the activities of Communist China's most profitable tobacco company, the giant state-owned Hong Ta Group. Hong Ta manufactures Red Pagoda Mountain cigarettes, the world's third best-selling brand, with more than twice the sales of Camel. The company's huge Yuxi Cigarette Factory in Yunnan, the largest in Asia, rolled 111 billion cigarettes in 1996, generating \$2.3 billion in profits. The Red Pagoda Mountain cigarettes made in this facility are sold around the world, including in the United States.

Sioeng has already been identified by the Senate Governmental Affairs Committee as an agent of the Communist Chinese Government. He received foreign distribution rights for Red Pagoda Mountain cigarettes from the People's Liberation Army officer who headed Hong Ta prior to his removal for embezzlement and bribery. It is believed that Sioeng in turn granted U.S. distribution rights to La and his business, Loh Sun International.

La's testimony is essential because Sioeng and most of his family fled the country after the Clinton campaign came under investigation for crimes including illegal foreign money laundering. Government Reform and Oversight Committee witnesses have consistently identified La as a key personal friend and business associate of Sioeng--the person closest to him outside his family. For example, in addition to their business

relationship, Sioeng and La formed the pro-PRC Alliance of Chinese-American Groups in Los Angeles; they also attended DNC fundraisers together.

If he is permitted to testify, La can help explain the connections between the Chinese Government's state-owned tobacco business and the contributions made to the DNC.

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Reflections on Earth Day 1998

The Environment at a Crossroads: Where We Are, And Where We Need to Go

The challenges facing our planet have never been greater. Yet by almost any measure, the environment in our country today is cleaner than it has been since the advent of large-scale industrialization. Environmental progress is palpable and measurable across the country, on land, sea, and air. As a result, we can build on these accomplishments as we enter a new era of responsible environmental stewardship. At the same time, we must redouble our efforts to protect the entire planet, because environmental standards abroad are tenuous.

America's Lands are Improving

The record shows environmental protection works:

U.S. timberlands contain 28% more standing volume than they did in 1952. Vermont, Massachusetts, and Connecticut--three states that had been over-harvested since the 1800s--have seen a 59% increase in forest coverage, up from 35% in the mid-1880s. By 1995 America was planting 2.4 million acres of trees annually, a one-million-acre per year increase from 1970.

Wetlands are making a comeback. In this decade, wetlands restoration has exceeded wetlands loss, so that we are now experiencing--for the first time in decades--net increases in wetlands. Since 1994, America has restored more than 172,000 acres of wetlands annually.

Soil erosion is coming under control. Conservation tillage practices, used to reduce erosion, were used on less than 5% of planted acreage before 1970, but rose to about 20% by 1989 and more than 35% by 1994.

Endangered species are being brought back from the brink of extinction. To take just a few examples: bald eagles, once limited to 417 known mating pairs in the 48 contiguous states in 1963, now have ten times as many mating pairs. Peregrine falcons have also multiplied, from 1,000 mating pairs two decades ago to over 5,000 today.

America's Water is Cleaner

Pollution of our rivers, streams, groundwater, and oceans has been abating. The U.S. has spent \$488 billion in water protection over the last two decades, roughly double the annual defense budget--with clear positive results. In the six-year period between 1983 and 1990, there was a 41% decline in fecal coliform bacteria violations, largely

from improved wastewater treatment technologies. By 1992, 100% of all the sewage generated in the U.S. was treated before discharge—in sharp contrast to the abysmal record of other parts of the world. In Europe, only 72% of sewage is treated before discharge, and the figures are even worse elsewhere: 30% for Mediterranean nations, 10% for Caribbean nations, and 2% for the rest of the world, including the former Soviet Union.

Our waterways—oceans, lakes, and rivers—are steadily improving. Ocean dumping of sewage and industrial and medical waste has completely ceased. Oil spills, another recurrent problem in the previous decades, have declined by 86 percent since the 1970's.

The Great Lakes have seen great improvement. Phosphorous loadings have declined for all five Great Lakes, with Lake Erie making the most progress—experiencing a 50% decline in phosphorous loadings between mid 1970s and 1990.

America's rivers are cleaner. Today, 56% of American river miles now show water quality at least as good as specified in the Clean Water Act—up from 5% in 1970.

Americans Are Breathing Cleaner Air

Nationwide, air quality has improved with respect to all the major pollutants. From 1970-1994, the combined emissions of the six major air pollutants fell by 24%. Particulate emissions decreased by some 78% between 1970 and 1994; indeed, such emissions fell by 12% from 1988-94 alone. SO₂ emissions decreased some 32% between 1970-1994. CO emissions fell by 23% from 1970-1994. Lead emissions fell by a remarkable 98% over the same period. Mean ozone concentrations declined approximately 60% between 1970 and 1992. By 1999, annual emissions of hazardous air pollutants like mercury and formaldehyde will have fallen by nearly one million tons since 1990. In individual high-pollution areas such as New York City and Los Angeles, the air is cleaner: SO₂ levels have declined by 90% in New York since the early 1950s. In the Los Angeles area, the South Coast Air Basin's 1996 maximum one-hour ozone concentration recorded is 0.24 ppm, a 59% improvement from 1965.

Automobile pollution is steadily decreasing. Nationwide, new cars emit 1% as much pollution as 1970 models. In California last year, new vehicles emitted only 0.5% of 1970 levels. Partially as a result of these improved automotive technologies, Stage One smog alerts—the highest level of alert—in Los Angeles declined from more than 120 in 1977 to 13 in the mid-1990s.

The vast improvements made in California and around the nation teach two valuable lessons. First, we can be good stewards of the environment not despite our strong free-market economy but because of it. These vast improvements in America's environment accompanied an immense expansion of economic activity—an expansion that not only did not generate increased pollution but actually underwrote the cost of solving existing environmental problems. And second, no valid public purpose is served by circulating doomsday scenarios that merely undermine their authors' credibility.

What Congress is Doing Today

Congress is currently providing for record funding for natural resources and the environment—almost \$24 billion, the highest funding level in history. These funds will ensure that our children and grandchildren inherit a nation in even better shape than it is today.

But we need to do more. Here is a four-point agenda that Congress commits to on this Earth Day, 1998:

First, we will look for solutions first at the local level rather than in Washington. The most effective way to solve environmental problems is to do so where they occur. No Washington bureaucracy, however well-intentioned, can know as much or care as much about a community's environment as the members of that community themselves. Local action to address local problems means local responsibility for solving those problems and, more importantly, local accountability. And Congress will commit to give local leaders the federal resources they need to get the job done.

Already, states are showing environmental leadership. As Lynn Scarlett, Alexander Volokh, and Scott Bush show in their book, Race To The Top: The Innovative Face of State Environmental Management, state environmental managers are coming up with innovative solutions to vexing ecological difficulties, solutions that far exceed the federal government's requirements or its ability to improve matters. In Pennsylvania, for example, the state "brownfield" program is faster and more effective than the federal government's clunky and intrusive Superfund program. Over 300 sites have entered the Pennsylvania program and over 100 have already been cleaned. The federal program, in contrast, has only managed to clean only 33 out of 103 sites over sixteen years.

Second, we will be more flexible, in order to get better environmental results. For too long, the federal government has relied on a one-size-fits-all approach that imposes the same standards and techniques across the board, ignoring the diversity of the nation's ecosystems and environmental problems. States need the flexibility to develop innovative plans that match their capabilities and needs.

Dictating not just environmental quality goals, but the technical means to achieve them, will doom us to outdated environmental technologies. Flexibility will encourage the states to experiment with new technologies and come up with new ways to improve the environment that can be beneficial to us all. New environmental technologies have worked wonders in the realm of energy, where innovations like electrostatic precipitators and baghouses has resulted in power plants that emit 99% fewer particulates than in the 1950s. With these innovations, electrical utilities now power our homes far more cleanly. We should follow the example of Illinois, which sets environmental performance goals for its citizens but grants them the flexibility to find the most efficient way to meet those goals. The pace of technological innovation in a free market will always outstrip the ability of bureaucracies to codify such new developments. When it comes to new ways to protect the environment, we should encourage the American entrepreneurial spirit, not stifle it—the earth will be much the better for it.

Third, we will use both carrots and sticks to achieve improved environmental quality. Willful polluters should receive stiff penalties. And Americans who are willing to work with regulators to achieve progress, rather than viewing environmental protection as merely a cost or a burden, should be treated better for their trouble.

A number of States are beginning to use this approach. Colorado and Wyoming now offer incentives for preserving elk and grizzlies, respectively. New York is offering incentives to bring otters back to the State's rivers. Treating the American people as partners in ecological preservation is the best way of maintaining cooperation in the long run—and saving the environment is a long-term effort.

Finally, we will take seriously our responsibility to rely on the very best science. Too often, shoddy science and panic-mongering by a few have undermined the legitimate efforts of the entire environmental movement. And they have resulted in misdirection of billions of dollars in resources from high-priority threats to lesser concerns. Environmentalism depends on the credibility and responsibility of its advocates—and so does the environment itself.

The Great Unfinished Agenda: The Rest of the World

Unfortunately, the news in the rest of the world is not as good. Communist China, the world's largest undeveloped country, is a center of environmental troubles. China alone accounts for 14% of world carbon emissions, largely because of China's large—and growing—dependence on coal. Chinese carbon emissions grew by 27% from 1990 to 1995. In 1996, nearly half of international damage from weather-related disasters took place in China. China's troubling environment is also a concern beyond China's borders, as its choking air pollution affects its Japanese and Korean neighbors.

Because of its autocratic system, China's environment is even worse than other developing nations. Per-capita emissions in China are 75% higher than in Brazil, which has an economy of similar size. In addition to all this, China has a poor record of environmental enforcement. If the rest of the developing world followed the Chinese model, the earth would be in very grave danger.

Fortunately, the Chinese model is specific to Communist economies, a nearly extinct species. Overall, the growth rate of developing countries in 1996 was 6%, three times the rate of growth for industrialized countries. The faster these developing countries grow, the sooner they will be able to pay for environmental improvement.

Indeed, throughout the rest of the world, environmental progress is closely linked to economic development. This means we are no longer burdened with the false choice between environmental progress or economic growth. Far from being mutually exclusive, economic growth is a precondition for environmental progress. According to Professor Donald Coursey of the University of Chicago, for example, air quality improves in nations when their per capita annual income rises above \$4,500 to \$5,000.

Those countries that spend money on environmental clean up do so because they can afford to do so. Overall, pollution abatement and control expenditures in the

developed countries have generally risen in line with GDP, of which it represents about 1 to 2 percent. (U.S. government spending on the environment was \$25.5 billion in 1997, approximately 1% of federal spending).

On this Earth Day, 1998, we must commit ourselves to redoubled efforts to protect the earth—not just America—for future generations. In the current Congress alone, we have already passed the Tropical Forest Conservation Act, the Rhinoceros and Tiger Conservation Reauthorization Act, the Coral Reef Conservation Act, and the International Dolphin Conservation Program Act. But worldwide overreliance on low-grade fossil fuels, continued pollution of the world's water resources, poor agricultural practices, destruction of rain forests, and daily new threats to endangered species are dramatic evidence of what remains to be done.

Conclusion

At home and abroad, Americans can be proud of the great environmental progress we've made. On this Earth Day, we must commit to do more. At home, we must commit ourselves to more local accountability, programmatic flexibility, incentives for technological innovation, and reliance on responsible science. And abroad, we must promote both environmental progress and the economic growth that are the preconditions for environmental progress. In so doing, we can see to it that future Earth Days will be the days of celebrating the Earth rather than worrying about it.

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Policy Perspective
April 20, 1998

How D.C.'s Schools Can Lead the Nation

Rock-Bottom Test Scores in Nation's Capital Can Be Spur To Reform

Every parent knows that early education is essential to a child's future. But new reading and math achievement tests in the District of Columbia show that D.C.'s public schools are failing an entire generation of students. D.C. students have the same potential as every American child, yet the more time they spend in D.C. schools, the more poorly they do compared to other American children.

Today, just as the District of Columbia is poised to reap the benefits of tremendous economic growth, its young people may not be able to take advantage of unprecedented opportunities. Good jobs are plentiful, and the unemployment rate in the region is one of the lowest in the nation. It is imperative that children growing up in the Nation's capital receive the kind of education that will permit them to take advantage of these opportunities.

Congress is constitutionally responsible for the District of Columbia. If a national education policy is ever to be taken seriously, then Congress must first show it can achieve results in this modestly-sized city by the Potomac.

D.C. in the 1990s: Awash With Opportunity for New Graduates

The District of Columbia is one of the wealthiest regions in the nation. Despite a population of only 500,000, the District has a gross economic product of almost \$50 billion, with nearly two-thirds coming from non-governmental sources such as services, finance, insurance and real estate, and transportation and utilities. According to the Bureau of Economic Analysis, District residents' per capita personal income was \$34,129 in 1996—higher than any state in the union, and almost \$10,000 above the national average. The District also compares favorably to other metropolitan areas. D.C. metropolitan-area average annual pay is ninth in the country, behind such lucrative locales as New York, San Francisco, and the wealthy suburbs of New Jersey. Furthermore, the District is expected to remain wealthy area for the foreseeable future: its gross economic product is projected to increase at least 20% by 2025.

Today's students will benefit from these job opportunities only if they learn the skills employers will need in the years to come. Already, the region suffers from a shortage of skilled workers. The unemployment rate in the D.C. metropolitan area was only 3.9% in 1996, significantly below the so-called "natural" unemployment rate of 5.5%. The District itself, however, suffers from unemployment well above the natural

rate, indicating that District residents, many of them products of the D.C. schools, are unable to satisfy employers—even in one of the nation's best markets for job seekers.

In the 21st century, the D.C. economy will be even more dependant on knowledge-based workers. Unfortunately, knowledge-based workers will need two basic skills—reading and math—that D.C. schools are failing to provide to their students.

Recent Test Results From D.C. Schools

Last year, for the first time, District students took the Stanford 9 math and reading achievement tests—the nation's best-known achievement test. The Stanford 9 is a privately owned and operated test used by school systems across the country. It is the ninth version of the exam, which millions of American schoolchildren have taken since it was created in 1923. Stanford takes great care to ensure that the test is not biased in any way, including having a panel of prominent minority-group educators review the test. The results show that D.C. students' scores, upon entering the D.C. public schools, are roughly comparable to average student scores nationwide. The longer students remain in District public schools, however, the more their scores fall below both their initial levels of achievement and the national average. In fact, in the highest grades tested, the number of D.C. students who lack basic skills was twice the national average in reading, and one and a half times the national average in math.

Reading

Fifteen percent of the first-graders tested ranked "below basic" for reading on the Stanford 9 test. This means they had little or no mastery of the skills needed to enter second grade. This figure is roughly comparable to the national average of 12%. But the number of students "below basic" grew dramatically as children continued in the D.C. schools: 41% of the second graders tested ranked "below basic," and 53% of tenth graders tested were "below basic."

Math

Thirty-seven percent of the third graders tested (the youngest students to take the math test) ranked "below basic" in math. The next level tested in math, the sixth grade, showed

55% "below basic"—an increase of 33% after three years in D.C. public schools. By the tenth grade, a staggering 89% were "below basic" in math. Another 8% ranked as "basic"—possessing only partial mastery of the most rudimentary math skills. Only three percent of District tenth graders were either proficient or advanced in math.

Many of the individual schools are far worse than even these dismal overall scores. At no less than 22 D.C. public schools, over 90% of the students rank "below basic" in math. At three of these schools, 100% of the students tested ranked "below basic." Not one student at any of these schools showed any of the math skills needed for their grades.

Worse, as the Washington Post reported on January 8, 1998, these results do not include "almost 4,000 tests that could not be scored because so few answers were filled out." This is 10% of the reading tests that were scored, and a quarter of the math tests that were scored. In other words, 4,000 D.C. students lacked the skills needed to fail the test. They were all below zero.

The Solution: Educational Choice, for the Kids

The D.C. public schools must change if their graduates are to succeed in life. And Congress—which bears the constitutional responsibility for the governance of the District—must help.

Already, Congress and the American people have been generous with tax dollars: according to the most recent Department of Education figures, the District spends \$9,335 per pupil, the fourth highest in the nation. This year, it will cost more than one-half billion dollars to run the District's public education system. Clearly, money alone is not enough.

Instead, both Houses of Congress have separately passed the District of Columbia Student Opportunity Scholarship Act of 1997. This measure, which passed the House as part of the 1997 D.C. appropriations package, has already been introduced as freestanding legislation by Majority Leader Dick Armey (H.R. 1797). The bill will provide tuition scholarships to about 2,000 low-income students in the District of Columbia to enable them to attend the school of their choice, as well as providing extra tutoring assistance for 2,000 public-school students.

D.C. parents clearly want better opportunities for their children than the D.C. public schools provide. The non-profit Washington Scholarship Fund announced that it would provide 1,000 new scholarships to enable low-income District children to attend the private or religious school of their parents' choice. As of the January 31, 1998 application deadline, 7,573 children had applied for the 1,000 scholarships. According to House Majority Leader Dick Armey, "This response is the strongest evidence yet that parents are frustrated by their lack of access to the best possible education for their children."

Research from school systems that offer educational choice demonstrates that giving parents the opportunity to choose their children's schools improves learning, and test scores, for children throughout the entire system. Data from Milwaukee, for example, show clear increases in reading and math scores—so much so that, according to a recent study, "If similar success could be achieved for all minority students nationwide, it could close the gap separating white and minority test scores by somewhere between one-third and one-half." And parental choice provides competition that can help reduce costs in public and private schools alike, resulting in better education that is also more affordable. New York City's Catholic schools, for example, educate students at approximately one-third the cost of the city's public schools.

According to Samuel Staley, Vice President for Research of the Buckeye Institute for Public Policy Solutions, "Several studies of public school competition with other

public and private schools have found competition improves public school performance. We need to create similar markets for students within school districts to provide the right incentives for using current resources productively and efficiently."

Brian Bennett, Director of School Operations for the School Futures Research Foundation, agrees: "The most striking example of the competitive change that can result is no doubt found in Albany, New York, where a most generous philanthropist, Virginia Gilder, offered a \$2,000 scholarship to every child in one of the city's lowest performing schools--and one-sixth of the student body left. Changes then instituted by the local board were dramatic--the principal of the old school was ousted, nine new teachers were brought in, two assistant principals were added, and the school received investments in books, equipment, and teacher training that had been neglected for years. Competition works to improve the education of all children." As Peter M. Flanigan, the investment banker who founded the Student/Sponsor Partnership in New York, put it, "The alternative to a crushing monopoly is competition. When a monopoly faces real competition it always reacts by improving itself."

The D.C. Student Opportunities Scholarship Act will enable D.C. students to succeed in the expanding economy in which they live. While President Clinton promised to veto the Opportunity Scholarship Act, even if it meant killing all funding for the District, these latest D.C. test scores show the status quo is unacceptable. We can no longer trap thousands of students in schools that fail to prepare them for the marvelous opportunities at their very doorstep. Mr. Clinton owes it to the children of America's capital city to sign the D.C. Opportunity Scholarship Act the moment it reaches his desk.

The following are the results of Washington D.C. students' spring 1997 Stanford 9 Achievement Test in reading and math. (Excerpt from The Washington Post, October 30, 1997.)

Reading

Grade Level	D.C. Public Schools Below Basic	National Average
1	15%	12%
2	41%	25%
3	41%	25%
4	45%	24%
5	36%	22%
6	31%	21%
8	34%	22%
10	53%	26%

Math

Grade Level	DC Public Schools Below Basic	National Average
3	37%	11%
6	55%	43%
8	72%	42%
10	89%	61%
11	53%	36%

Note: The reading test covers areas such as sounds and letters, word reading, reading vocabulary, sentence reading, and reading comprehension depending on the students' grade level. The mathematics portion of the test focuses on problem solving and math procedures.

The test was given for the first time to D.C. school students in May 1997. It was not administered to children in all grade levels because it was a part of a pilot program administered by the school district. This year, every D.C. student in grades 1-11 will take both the mathematics and reading portions of this exam.

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Clinton Administration Trashing of America as 'Deadbeat' Nation Way Off Mark

In Fiscal Year 1997 alone, the U.S. taxpayer has borne the burden of \$2.97 billion in U.N. military and peacekeeping operations.¹ This is far more than any member of the Security Council, let alone the 185 nations who use the U.N. as a forum to criticize America. Yet the U.N. gives zero credit for these billions, which far outstrip the few hundred million in "dues" that the U.S. has withheld in order to force reform of the U.N. bureaucracy.

Herewith a sample of the "blame America first" rhetoric of the Clinton Administration:

U.N. Ambassador Bill Richardson on December 10, 1997 at the National Press Club:

"It's hard for America to be trusted at the U.N. right now, I'll be honest with you... I have been concerned that we not lose support at the U.N. on our Iraq policy..."

"We owe over \$1 billion... **We are the biggest deadbeat at the U.N.** I'll be honest with you, there's no way we are going to win the requested cut in assessment."

President Clinton on March 12, 1998, at a White House ceremony with U.N. Secretary-General Kofi Annan:

"If the United States expects to continue to exercise a leadership role in a way that benefits our own people in the 21st century, **we have got to pay** our U.N. dues and **fulfill our responsibilities.**"

Secretary of State Madeleine Albright on January 14, 1998:

"The failure to pay our U.N. debts undermines our leverage just as Saddam Hussein was challenging the authority of the Security Council."

Secretary of State Albright on February 26, 1998 at hearing of the Commerce, State, Justice Appropriations Subcommittee:

¹ Figure from the Report to the Congress for the Fourth Quarter, Fiscal Year 1997 in Compliance with Section 8091, Defense Appropriations Act of 1997. This report totals costs incurred by the Department of Defense "in implementing or supporting resolutions of the United Nations Security Council."

“It’s a club, and it has dues. And we’re a leading member of the club, and **we’ve just refused to pay our dues**, which is not the way that we Americans normally behave.”

Secretary of State Albright on February 12, 1998 at hearing of House International Relations Committee:

“Mr. Chairman, **the best America is a leader, and not a debtor**. Let us act soon to put our U.N. arrears behind us, [and] **restore America’s full influence** within the U.N. system.”

U.N. Ambassador Richardson on January 23, 1998 at Fund for Peace press conference:

“Congress’ failure on the arrears issues further undercuts America’s interests and credibility at the U.N.”

U.N. Ambassador Richardson on December 10, 1997 at the National Press Club:

“America’s national interest will pay the price for this failure to honor our international commitments. The continued nonpayment of our arrears is **making America fair game** to our most vocal international critics at the United Nations.”

U.N. Ambassador Richardson on May 20, 1997:

“[The] 1 billion it owes to the United Nations are **causing the United States a loss of credibility** in the world body.... We have been losing votes at the U.N.”

U.N. Ambassador Richardson on March 19, 1997 in his first testimony to Congress:

“14 other member states of the Security Council basically [are] almost whispering under their breath ‘So you want us to do this? **Why don’t you pay your bills?**’ That is a reduction in influence.”

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Clinton's Latest Iraq Policy: "Peace in Our Time"

Eye-Opening Testimony by the Leading Expert on Weapons Inspections

Last month, the Clinton Administration prepared to use air power to punish Saddam Hussein for blocking U.N. Special Commission (UNSCOM) searches for nuclear, chemical, and biological weapons—though it repeatedly pointed out that those air-strikes would not rid Iraq of such sinister weapons or Saddam Hussein. The President shelved even these limited proposals when U.N. Secretary General Kofi Annan signed a pact on February 23, 1998 with Iraqi Foreign Minister Tariq Aziz. The Annan pact "supplements" UNSCOM with a group of diplomats more sensitive to Saddam—in exchange for access to eight presidential sites that the Iraqi government has had weeks to vacate. The Administration has embraced that accord, thereby ceding U.S. policy to the U.N.'s chief administrator.

On February 25, David Kay, who first led the U.N. weapons inspection team in Iraq after Saddam Hussein's defeat in the Gulf War, offered a devastating critique of the U.N. accord to the House International Relations Committee. Kay's testimony, excerpted below, demonstrates that without a concerted strategy to remove Saddam from power, American policy toward Iraq will continue to founder.

Testimony of David Kay, House International Relations Committee Hearing on Iraq February 25, 1998

I fundamentally think, as we look at this agreement, we ought to have more concern than I have heard expressed at least today, and let me start with not the details of the agreement, but with the atmospherics. Certainly, as you know, the atmospherics around any agreement often tell you more than a strict, legal analysis of the text.

We heard yesterday the Secretary General describe Saddam Hussein as a man who you can do business with, as reasonable and knowledgeable. At the same time, and far more disturbing in many ways to me, on his trip back he denigrated UNSCOM and the inspectors that have been serving in Iraq. He has reported to have told various members of the press that he believed the inspectors needed closer diplomatic supervision because they were cowboys; they were engaging in boorish behavior, and holding Saddam up to ridicule by his own people.... [His] examples of cowboyish behavior were that they were seizing and sealing buildings.

I sealed the first building in Iraq. I sealed it after five days of inspections in which the Iraqis systematically moved material out of the building as we tried to gain access to it. I did it with the full knowledge and consultation of the Chairman of UNSCOM and after consultation with the Security Council.

That we had held Saddam up to ridicule by his own population I think ... is probably true. The smallest team I led into Iraq had seven individuals. That is the team that had shots fired over its head and gained the first photographic proof of a clandestine nuclear weapons program that put Saddam within six months of a nuclear weapon; he had spent \$10 billion on and had 15,000 people working on [it].

I had another team that spent four days as hostages in a Baghdad parking lot. After seizing the records of his nuclear weapons program and the sources of his supply, [that team] refused to give those records back to the Iraqi Security Force and instead encamped themselves in a Baghdad parking lot, and we got out with the documents. I suspect—and quite frankly, I rather hope—that this did hold Saddam up to ridicule by his own population.

I am worried that, in fact, we now have entered into an agreement in which Iraq is seen as an equal member of the international community. We seem in danger of forgetting the invasion of Kuwait; the massive oil fires which I flew through, and quite frankly, will never forget; the use of chemical weapons on his own population and on those of neighbors. And we are now treating with someone whom "we can do business with," who is "rational"?

Now let me get to the agreement and how I think this "[background] music" actually affects what we're about to see. I will pause and say I certainly agree with Richard Haass that I believe we should test this agreement through implementation, but I think if you look at the provisions of the agreement, you're going to find that is not going to be as easy as it was in the past.

First of all, at the heart of the agreement I'm afraid is a conflict of interest. The Secretary General has put himself forward as the bailbondsman of Saddam Hussein: "You can trust this man; he will live up to his word; you can do business with him." [Asking to be] bailbondsman for Saddam Hussein, historically, is a very, very dangerous activity. Ask the President of Egypt, who, as many of you will recall, one week before the invasion of Kuwait went on record as saying, "Saddam told me he is not going to invade Kuwait"

[T]he Secretary General, by the terms of this agreement, is to appoint a new inspection force, a special inspection force for the eight presidential palaces, which is to operate independent of UNSCOM. It does not take a rocket scientist or even a former inspector to tell you what will happen.

The Iraqis have had four-and-a-half months during which we focused on those eight presidential palaces. I have yet to see the inspector who believes that there will be

anything left in those presidential palaces after we get there. I've seen the Iraqis do tremendous feats of moving material.

The two biological weapons facilities that were struck during the war were empty at the time. Why? One week before the war they moved a complete biological weapons facility and got it back into operation. These individuals are terribly creative at deception....

So you have a "good" team that is a team composed of individuals chosen by the Secretary General who will go to the eight presidential palaces, and lo and behold, they will have no problems. They've gained access; they go in; they find nothing. In the meantime, the UNSCOM team, the traditional team, will go to the other 50 sensitive sites that they have been denied access to, and actually are far more threatening, and what will happen? They will be denied entry; entry will be delayed; they will be pointed out as a source of problems. "Why don't you behave like the 'good' team?"

So immediately you have a conflict there. You have the Secretary General's new and special team and the old team. And, in fact, what Richard Haass calls for, the test through implementation and aggressive inspection, is only likely to prove that the good team doesn't have problems, and, indeed, it is the UNSCOM inspectors who are the source of the problem. I find that very disturbing.

Secondly, it is proposed that the team should be accompanied by diplomatic nannies, diplomats from the five permanent members of the Security Council, who are to go along to ensure the good behavior of the inspectors. Let me stop here and tell you, I carried a diplomat along on an inspection mission...[and] let me tell you what will happen, and what actually happened to me.

I carried out an inspection of a hospital for amputees and a women's dorm in Baghdad, where the Iraqis had moved material from their uranium enrichment program. The Iraqis protested mightily to me for going in such a facility, and believe me, it was not a thing of comfort that I did. The diplomat becomes an individual they can appeal to. "Why are the inspectors being unreasonable?" "Why do they want to go in private homes?" "Why do they want to go in a hospital for amputees?" And, of course, you induce delay. Let me tell you, if you induce delay in inspections in Iraq, you have no chance of finding anything. Surprise is the only friend of the inspectors.

Secondly, it is quite common for chief inspectors not to tell their whole team where they're going. This is for security. Every hotel room is bugged. It's a very active surveillance program, and if you lose surprise again by someone speaking carelessly, you simply will not find anything.

Can you imagine when you tell five diplomats, "Show up the next morning at 5:00 a.m. in the hotel lobby; we're going on an inspection"?

First of all, they will [ask]: "What is this 5:00 a.m. bit?"

"Well, that's when inspections begin, sir."

"Well, where are we going? Why can't you tell me?"

"I can't tell you because I don't want the Iraqis to find out where we're going."

Team unity, quite frankly, goes down the tubes at that point. I think this is unworkable. It will be difficult. It will impose burdens, and will make exactly the type of aggressive inspection that Richard Haass calls for, and that I agree on, very difficult.

Thirdly, there is an escape clause in this agreement which I would hold up, and I assume law schools will start teaching to every real estate attorney in this country. Inspections should be carried out with due respect for the national security, sovereignty, and dignity of Iraq. I've heard those words. When I tried to enter a ministerial building to obtain documents on the Iraqi nuclear program, I was told I should not go in that building because it was a ministerial site and inspections would violate the dignity of Iraq. Well, pardon me. Saddam Hussein, when he lost the war, agreed to give up his weapons of mass destruction, and UNSCOM was charged by Resolution 687 to find, destroy, remove, or render harmless those weapons wherever they were....

So what do you have here? Again, delay. You appeal to the diplomats because an inspection will threaten the national security, dignity, or sovereignty of Iraq. You induce weeks of delay; the weapons are gone; the information is gone. You never find anything; that proves there is nothing there. I think that is an escape clause that we should be most concerned about.

Let me just briefly speak about what I think we're in danger of losing, because I think it is terribly important. First of all, we are in danger of losing what is a revolution in the UN system in terms of UNSCOM inspections. UNSCOM inspections have been quite unlike any other arms control inspections, and really hold what I think is the hope for avoiding military action and helping us deal with weapons of mass destruction wherever they may appear.

Inspectors have had only one objective: Uproot Iraq's program for weapons of mass destruction—not the reconstruction of Iraq, not repairing civil society in Iraq, no other mission. This contrasts, for example, with the International Atomic Energy Agency, which every day carries out nuclear safeguard inspections under a dual mandate: Promote nuclear energy, but try also to avoid nuclear weapons proliferation. As we've known from our own domestic experience, none of you would be happy to have a regulatory agency which both promotes and regulates the same industry. We have far too long a history domestically in showing what that leads us to. UNSCOM escapes that.

Secondly—and this in many ways, I think, is the most important—UNSCOM, unlike any other U.N. operation, reported from the very beginning not to the Secretary General, but to the Security Council—from little things, like the first time we ordered cyber-locks [and] secure telephones. I was told you couldn't have a secure telephone; it showed distrust of the country you were operating in. Yes, indeed, I had some distrust. And I shouldn't have locks on my file cabinets because that meant I didn't trust the other

international civil servants who were operating in the building. You've got it; that's right, I didn't.

But the Security Council was united behind it. Once you impose the Secretary General... and I certainly do not mean this pejoratively...once you put someone in a political role in charge of this, they have a multitude of responsibilities, and you lose focus. I, in fact, think the most serious aspect of this agreement is that we have now put Kofi Annan in this position, and let me emphasize that this is not because I doubt his integrity or honor. You've put him in an impossible role: vouchsafing for Saddam's behavior and running an inspection organization, where if they find anything, and particularly if they find noncompliance by Iraq, it shows you can't do business with this man; you can't trust him; he's not telling the truth. That is an incompatibility at the core.

And, finally, just a brief comment about what I also think we're giving up. If we state, and are foolish enough to believe, that we can really do business with Saddam, we're freezing the process of political change.... [I]f you undertake, a small military strike, or even a large military strike, aimed at the weapons, but leave Saddam in power, you've done nothing really to diminish the threat. The problem is Saddam. He is a war criminal....

We should not freeze political change by saying, "Tonight is different from all other nights because tonight Saddam has changed his stripes, and we can do business with him." Mr. Chairman, I think that is the problem with this agreement.

Answers by David Kay to Questions Posed by House International Relations Committee Members Regarding Policy Options:

I regret to say I did not understand the policy the Administration was committed to with regard to the use of arms. To the extent that I thought I understood it, I did not think it was an appropriate use of military power, or that the aims that were articulated justified it. I think it would have neither seriously diminished the Iraqi weapons program, as I understood [it], nor do I think it would have gotten the inspectors back [into] firm, more aggressive inspection....

What I have grave doubts is that...any inspection system can uproot a weapons system that a country is determined to protect with deception, denial, and cheating. After all, in the biological area, we're talking about production systems that are inherently very small: a 15 x 20 foot room is sort of the standard. The weapons are inherently small in amount and can be moved around. In fact, U.N. Resolution 687 was premised on—and most people have forgotten, although the President did call our attention to it—notably...[the fact] that the Iraqis promised to declare all of their weapons within 15 days after the war, and the inspectors were to go in, confirm that, and get rid of them. Uprooting a protected weapons system in a country that is genuinely not defeated, that you don't occupy, I think is, quite frankly, beyond us....

I say that you cannot hope that inspection, just as I do not think you can hope air power, can do it, and that is why I put such great [emphasis] on a political strategy that is designed not to deal with Saddam, but to remove Saddam from power.

I, quite frankly, found great agreement in two points made by the witnesses here. I agree with Paul Wolfowitz that, in fact, we ought to strengthen the hands of those who domestically in Iraq are opposing [Saddam's regime] and are standing inside Iraq. I also think Richard Haass is quite right: if we take military action, in view of a breach of an agreement, we should focus it not on the weapons themselves, but on those domestic structures that allow Saddam to maintain through terror his political control. The Special Republican Guard, the internal security forces, the audio and visual monitoring regime, and the transport system--those are targets worthy of military action, and they do not raise the great damage of collateral release of biological weapons.

David Kay is Vice President of Science Applications International Corporation and Director of the Center for Counterterrorism, Technology, and Analysis. He was Chief Nuclear Weapons Inspector for UNSCOM and the International Atomic Energy Agency in Iraq after the Persian Gulf War in 1991.

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A Policy for Freedom in China

United States policy towards China's 1.2 billion people deserves the closest attention. America's future is inextricably linked to Asia—and China's relationship with its neighbors will in large part determine Asia's future. Our prosperity, our security, and even our own democratic liberties will increasingly be tied to the emergence of a China that is prosperous, peaceful, and democratic.

Across East Asia, democracy and free enterprise are putting down firmer roots—in India, Japan, the Philippines, South Korea, and Taiwan. Yet despite the aspirations of the Chinese people, China so far has lagged behind this progressive continent-wide trend. America's China policy should aim to promote freedom—human rights and the rule of law, religious and political freedom, free trade and free markets. For our longstanding friendship with China can only reach its full potential when the Chinese people enjoy the freedoms we cherish—freedoms that have taken root around China's own borders. And America's China policy should aim to promote peace and security for China and all its neighbors—the essential precondition for further political, social, and economic progress in the region.

The Chinese people have repeatedly shown their strong support for these common goals. Yet for many years, Washington has focused too narrowly on the MFN debate—a question of the tariff treatment of China's imports into the United States. In order to rectify this situation, the House Policy Committee developed a comprehensive initiative on U.S.-China relations that moves beyond the current policy stalemate in Washington and provides creative responses to many facets of the complex U.S. relationship with China. This legislation is meant to lay the foundation for a positive relationship with China in the 21st Century.

The Background of the Initiative

For many years, U.S. policy towards China has been mired in a stalemate between opponents and supporters of Most Favored Nation status for China—a stalemate that has frustrated people on all sides of the debate, and hindered the development of a coherent China policy addressing all the diverse aspects of our relationship with that emerging power.

The attempt to refract every element of U.S.-China relations through the prism of a single annual debate on trade policy has failed to do full justice to the complexity and range of issues in our policy towards China—from human rights to arms proliferation, and from international subsidization of Chinese enterprises to maintaining peace and security in East Asia. Moreover, because the choice presented in that debate is binary—to withdraw or maintain China’s MFN status—Congress is unable to calibrate its response to Chinese policies. Even worse, the threat of MFN denial has lost credibility with China’s government, providing the United States with little leverage on either trade or non-trade issues.

To move beyond this stalemate, House Policy Committee Chairman Christopher Cox, with the full support of the House leadership, introduced H. Res. 461 in June 1996. This Resolution, which passed the House with overwhelming bipartisan support by a vote of 411-7 on June 27, 1996, the same day as the MFN debate, started with the premise that *“the debate over Communist China’s most favored nation trade status cannot bear the weight of the entire relationship between the United States and the People’s Republic of China.”* Instead, the bill enumerated in detail a series of concerns about the activities of the Communist Chinese military, China’s human rights record, and China’s economic and trade policy. And it charged House committees of jurisdiction with holding hearings and reporting out appropriate legislation tailored to these separate concerns.

To carry out this mandate, the House Policy Committee—working closely with such relevant committees as International Relations, National Security, Rules, and Intelligence—unveiled a comprehensive policy initiative on July 17, 1997. The initiative comprised eleven bills addressing three broad policy areas: promoting human rights, promoting freedom and free trade, and ensuring security. In the Senate, the majority of the bills were introduced by Senator Connie Mack, the Chairman of the Senate Republican Conference, and Senator Tim Hutchinson on July 29, 1997 as a single bill, S. 1083. The Policy for Freedom consists of action in three areas: Promoting Human Rights, Promoting Freedom and Free Trade, and Ensuring Security. The entire Policy for Freedom passed the House by November 1997. The Senate subsequently approved most of the Policy for Freedom as amendments to broader national security and foreign policy legislation, and in that form a majority of the Policy has already been enacted into law. The following pages explain the elements of the Policy for Freedom in China. This approach helped break the MFN impasse and began to lay the foundation for a more coherent U.S. policy towards China.

Promoting Human Rights

- **Enforce the Ban on Slave Labor Products—*Enacted into Law***

Despite a longstanding ban on the importation into the U.S. of goods made with forced labor, the Customs Service has documented that Communist China's notorious "reform through labor" *laogai* prison camps continue to export goods to the United States. H.R. 2195 is designed to keep slave labor products out of the U.S., authorizing needed funding for genuine enforcement of the ban on slave-labor products. The legislation also calls upon the President to strengthen international agreements to improve monitoring of slave-labor imports.

- **Demonstrate American Commitment to Religious Freedom—*Passed House and Senate***

The People's Republic of China routinely persecutes Muslim Uighurs, Tibetan Buddhists, and Christians—clergy and worshipers alike—arresting those who attempt to attend church services and forcing countless faithful into an underground life of fear. Meanwhile, state-approved church leaders inform on unsanctioned religious activities. H.R. 967 targets those Communist officials who engage in religious persecution, banning their travel to the U.S. (by prohibiting the expenditure of any U.S. taxpayer money in support of their travel, and—subject to a presidential waiver—denying them visas).

- **Demonstrate U.S. Abhorrence of Forced Abortion—*Passed House and Senate***

The Clinton Administration's most recent human rights report on Communist China again reports that Communist government officials have repeatedly forced Chinese women to undergo involuntary abortion and sterilization. H.R. 2570 targets those Communist officials involved in forced abortion and sterilization, banning their travel to the United States.

- **Focus U.S. Embassy and Consular Resources on Human Rights for China—*Passed House and Senate***

According to the most recent U.S. State Department report, the Communist authorities have effectively stamped out "[a]ll public dissent against the party and government" through "intimidation, exile, the imposition of prison terms, administrative detention, or house arrest." Communist China continues to imprison or exile not only well-known advocates for freedom like Wei Jingsheng and Wang Dan, but also tens of thousands of anonymous Chinese men and women who are held without trial or even formal charges. Yet currently, the predominant focus of U.S. policy toward the People's Republic of China is on commercial affairs. H.R. 2358 increases six-fold the number of U.S. diplomats at the Beijing Embassy assigned to monitor human rights. In addition, the bill adds at least one human rights monitor to each U.S. Consulate in Communist China.

Promoting Freedom and Free Trade

- **Expand and Improve Radio Free Asia—*Enacted into Law***

Radio Free Asia is virtually the only voice of freedom for millions of people in Communist China today. But Radio Free Asia broadcasts are limited to just a few hours a day, broadcast coverage is incomplete, and programming is unavailable in several major dialects. H.R. 2232 funds enhanced broadcasts throughout Communist China in the major dialects.

- **End U.S. Taxpayer Subsidies to Industry in Communist China—*Passed the House***

Communist China has enjoyed extraordinary success in attracting foreign investment, including from U.S. capital markets. The People's Republic of China now claims the highest foreign exchange reserves in the world. But Communist China has demanded below-market financial concessions from international lending institutions, and succeeded in getting them. The World Bank's International Development Association, subsidized by U.S. taxpayers, continues to offer below-market capital to Communist Chinese state-controlled industries. H.R. 2605 directs U.S. representatives at the World Bank to vote against below-market subsidies for Communist China.

- **Admit Taiwan to the World Trade Organization Before the PRC—*Passed the House***

With its free economy and democratic political system, Taiwan has become America's eighth-largest trading partner. Despite the fact that Taiwan's population is less than 2% of Communist China's, Taiwan buys 50% more in goods and services from the U.S. than does the People's Republic. Taiwan is the only one of America's ten largest export markets that is not a WTO member.

Taiwan is applying for WTO membership not as a sovereign nation, but as a special customs region—the same membership status Hong Kong now enjoys. But the People's Republic is seeking to block Taiwan's admission until the Communist giant itself is admitted—even though with more than two-thirds of its urban workers still controlled by the state, Communist China does not meet the WTO's free market norms. H. Res. 190 calls for democratic, free enterprise Taiwan to enter the WTO before Communist China.

- **Deny Normal Commercial Status to the Communist Chinese Military—*Enacted into Law***

The Communist Chinese People's Liberation Army, which has doubled its spending since the collapse of the Soviet Empire, is the largest standing military on earth. The PLA's many controlled "commercial" industries sell weapons of mass destruction to terrorist states, participate in economic spying, steal intellectual property, exploit forced labor, and use their profits as off-budget subsidies for military expansion and aggression. H.R. 2647 requires the Defense Department, Justice Department, FBI, and CIA to compile a list of known PLA commercial fronts operating in the U.S., and authorizes the President to monitor, restrict, seize the assets of, and ban such PLA companies within the United States.

Ensuring Security

Report to Congress and the American People About Communist Chinese Espionage and “Active Measures” in the United States—*Enacted into Law*

In 1985, then-Rep. Newt Gingrich (R-GA) wrote legislation that required the CIA and the FBI to provide Congress with classified reports, and the American people with unclassified reports, on Soviet espionage activities within the U.S. This reporting helped educate the free world about the darker side of the Soviet state, a critical step in bringing about the collapse of communism in Russia and Eastern Europe. H.R. 2190 requires similar reports to Congress and the American people about Communist Chinese espionage within the U.S., including industrial spying and commercial theft, propaganda and intelligence efforts, and attempts to manipulate American elections.

- **Enforce Gore-McCain Act Concerning Communist China’s Export of Arms to Iran—*Passed House and Senate***

In behalf of Communist China, President Clinton has waived the Gore-McCain Iran-Iraq Arms Non-Proliferation Act of 1992, which requires the President to sanction any nation that transfers “destabilizing numbers and types” of advanced conventional weapons to Iran. Over the past three years, Communist China has transferred at least 60 C-802 cruise missiles to Iran, but the Clinton Administration refuses to apply the Act’s sanctions. H. Res. 188 calls on the Administration to enforce the law.

- **Assist Taiwan with a Defense Against Missile Attack in Light of Communist China’s Military Aggression—*Enacted into Law***

In both 1995 and 1996, the Communist Chinese People’s Liberation Army fired missiles into international waters close to the island democracy of Taiwan. In the more recent case, the missiles were targeted within 40 miles of Taiwan’s largest population center, Taipei, and blockaded both ends of the Taiwan Strait as well as Taiwan’s commercial airspace. This blockade, intended to intimidate Taiwan during its first-ever democratic presidential election, prompted American military forces to respond, sending two carrier battle groups to show opposition to such intimidation. H.R. 2386 provides that the U.S. shall help Taiwan to develop and deploy an effective defense against the Chinese missile threat.

The Policy for Freedom Legislation

Promoting Human Rights

1. H.R. 2195
Tighter Prohibition on Slave Labor Products—Enacted
2. H.R. 967
The Free the Clergy Act—Passed House and Senate
3. H.R. 2570
The Forced Abortion Condemnation Act—Passed House and Senate
4. H.R. 2358
The Political Freedom in China Act of 1997—Passed House and Senate

Promoting Freedom and Free Trade

5. H.R. 2232
Radio Free Asia Act of 1997—Enacted
6. H.R. 2605
Communist China Subsidy Reduction Act of 1997—Passed House
7. H. Res. 190
Accession of Taiwan to the WTO Prior to Communist China—Passed House
8. H.R. 2647
No Normal Commercial Treatment for PLA Enterprises—Enacted

Ensuring Security

9. H.R. 2190
Annual Report on PRC Intelligence Activities and Active Measures in the U.S.—Enacted
10. H. Res. 188
Fighting Missile Proliferation—Passed House and Senate
11. H.R. 2386
United States-Taiwan Anti-Ballistic Missile Defense Cooperation Act—Enacted

Promoting Human Rights
H.R. 2195
Tighter Prohibition on Slave Labor Products

The importation of “convict made goods” has been banned by U.S. law for more than half a century, but products made in Communist China’s vast archipelago of slave labor camps—the infamous “Laogai”—continue to flow into the United States.

The Laogai—a contraction of *laodong gaizao*, or “reform through labor”—has been an integral part of Chinese totalitarianism since the inception of the People’s Republic of China in 1949. Designed for the dual purposes of political control and forced economic development, it is modeled on Stalin’s Soviet Gulag. Laogai survivor Harry Wu has estimated that some 50 million Chinese men and women have passed through these camps, of whom 15 million perished. Today, anywhere from six to eight million people are captive in the 1,100 camps of the Laogai, held and forced to work under grossly inhumane conditions.

But if the Laogai is a horror to its inmates, it is a source of profit as well as political control for the Chinese state and the Chinese Communist Party. As Harry Wu has testified, “the Laogai has the lowest-cost labor in China.” According to official statistics, the Laogai operates 140 export enterprises, selling products to over 70 nations abroad—including the United States, which has banned 27 different products of Laogai camps. Forced labor is responsible for producing key commodities (including uranium, graphite, rubber, cotton, asbestos, and one-third of Chinese tea), as well as a huge array of consumer goods—including, ironically, toys, artificial flowers, and even Christmas lights and rosaries.

Although the United States entered into binding agreements with China in 1992 and 1994 to bar trade in prison-labor products and allow inspection of its forced labor camps, the Chinese Government has frustrated their implementation, both by using dual names to disguise camp products and by denying access to the camps. In 1996, the Chinese Government granted access to just one prison labor camp requested by our Customs Service. The two most recent State Department Human Rights Reports on China each stated that “[r]epeated delays in arranging prison labor site visits called into question the Government’s intentions regarding the implementation of [the two agreements].” And in testimony before the Senate Foreign Relations Committee on May 22, 1997, Customs Commissioner George J. Weise stated, “We simply do not have the tools within our present arsenal at Customs to gain the timely and in-depth verification that we need.”

Congress’ response:

H.R. 2195 was introduced by Rep. Chris Smith, Chairman of the Human Rights Subcommittee of the House International Relations Committee, and passed the House by

419-2 on November 5, 1997. It passed the Senate by voice vote as an amendment to the Defense Authorization Act (S. 2057) on May 14, 1998, was included in the Conference Report (§ 3701-3703) for H. R. 3616, and was enacted into law on October 17, 1998.

- The Act authorized \$2 million in additional funds for Customs Service personnel to monitor slave-labor products. (Presently, only two U.S. officials in the U.S. Embassy in Beijing are assigned to slave labor monitoring—and they also are charged with monitoring widespread piracy of intellectual property rights.)
- The Act requires the President to report on the extent to which forced labor is used in manufactured products destined for the US market.
- To make monitoring meaningful, the bill expresses the sense of the Congress that the President should replace any Memorandum of Understanding on Prison Labor that lacks effective monitoring procedures. Under the current MOU with the PRC, China largely determines what worksites international monitors visit. The legislation thus calls upon the President to negotiate a tightening of this monitoring regime.

#

Promoting Human Rights H.R. 967 Free the Clergy Act

Since the founding of the People's Republic of China almost fifty years ago, the Chinese Government has savagely persecuted religious believers and subjected all religious groups in China to comprehensive control by the state and the Chinese Communist Party. The five officially recognized religious denominations have been forcibly reorganized into state-controlled "associations"—the Chinese Buddhist, Taoist, Islamic, and "Patriotic Catholic" Associations and the Protestant "Three-Self Patriotic Movement." Even within the pale of these authorized religions, Tibetan Buddhists and Uigher Muslims in Xinjiang have been subjected to wholesale persecution because of the enduring links between their religion and their national aspirations; for similar reasons, the Chinese Government has forcibly severed all links between Chinese Catholics and Protestants and their foreign co-religionists. But millions of other religious believers—according to some estimates, the large majority of religious Chinese—have been deemed to fall outside these five recognized faiths and are simply denied any status as believers and subjected to criminal penalties for practicing "superstition" or "folk beliefs."

Even congregations of authorized denominations are kept under rigid state control through mandatory registration, a requirement enforced with unprecedented severity throughout the last several years. And registration entails full state control over religious doctrines¹, the content of preaching and sermons, the selection of clergy, financial affairs, religious materials, building programs, as well as restrictions on educational and social welfare projects, a complete bar on proselytizing persons under 18, and an official veto over baptisms at any age. Registered congregations must reveal the names and addresses of all congregants. As Ye Xiaowen, the head of the state's Religious Affairs Bureau, said in 1996, "Our aim is not registration for its own sake, but ... control over places for religious activities as well as over all religious activities themselves." Religious organizations are required to promote socialism and "patriotism," while the massive state and party propaganda apparatus vigorously attempt to promote atheism and combat "superstition." The Chinese Government and Communist Party have in recent years intensified efforts to expel religious believers from the Government, the military, and the Party, ordering a nationwide purge of believers in January 1995.

The penalties for non-registration are severe. A recent State Department human rights report on China cited official reports of the "rectification" of 17,900 shrines in Zhejiang; the destruction of 1,600 "pagan shrines" in Hubei as part of a nationwide crackdown on superstition; the destruction of 400 temples and ancestor halls in Jiangxi; and the closure of nine temples in Guizhou.

¹ For example, Christians are forbidden to teach about the Last Judgment or the Second Coming.

The human costs are far higher for unregistered or unauthorized clergy and believers. Hundreds of people are today serving long prison sentences in China and Tibet—Buddhists, Taoists, Muslims, Catholics, and Protestants—for practicing their religious faith. The Beijing government sentenced a 76-year-old Protestant leader to 15 years in prison for distributing bibles. It sentenced a 65-year-old evangelical elder to an eleven-year prison term for belonging to an unauthorized evangelical group. A 60-year-old Roman Catholic priest was sentenced to two years of “reeducation through labor” for unknown charges. He had previously spent 13 years in prison because of his refusal to renounce ties with the Vatican. The 6-year-old Panchen Lama—the second highest dignitary in Tibetan Buddhism—has been detained for a year and a half, and his whereabouts are unknown. One leading Buddhist spiritual teacher committed suicide rather than take part in the Communist Chinese sham enthronement of Beijing’s “Panchen Lama;” scores of Tibetan Buddhists who refused to participate have been sent to prison.

Congress’ Response:

H.R. 967, introduced by Ben Gilman, Chairman of the House International Relations Committee on March 6, 1997, passed the House, 366-54, on November 6, 1997. In the Senate, Senator Hutchinson offered its provisions as an amendment to the Department of Defense Appropriations bill (S. 2132) on July 30, 1998. It passed the Senate by a voice vote after being broadened to apply to all nations (not just China) and removed the list of specific officials to be denied visas and travel funding.

- H.R. 967 states as Congressional policy that religious freedom should be a major facet of the President’s policy toward China.
- H.R. 967 prohibits the use of American funds appropriated for the Department of State, USIA, or AID to pay for the travel of Communist Chinese officials involved in the Patriotic (government-approved) churches in the PRC, or the formulation or implementation of policies to repress free worship.
- Subject to a presidential waiver, the bill denies visas to officials engaged in religious persecution only (but not the heads of Patriotic churches, the head of government, or cabinet members).

#

Promoting Human Rights
H.R. 2570
The Forced Abortion Condemnation Act

The abhorrent pattern of forced abortion and sterilization countenanced under China's state-imposed "one-child policy" is a grisly phenomenon with implications both for religious liberty and for basic human rights. It is the antithesis of freedom of choice.

PRC population control officials, working with employers and work unit officials, routinely monitor women's menstrual cycles. They subject women who conceive without government authorization to extreme psychological pressure, to harsh economic sanctions including unpayable fines (e.g., in Fujian, twice a family's gross annual income) and loss of employment, and, in some instances, to physical force.

Forced abortion and sterilization have not only been used in Communist China to regulate the number of children, but to eliminate those regarded as defective under China's eugenics policy—the so-called "Natal and Health Care Law." As a recent State Department Human Rights Report on China stated,

The Government does not authorize the use of force to compel persons to submit to abortion or sterilization, but officials acknowledge that there are instances of forced abortions and sterilizations Poor supervision of local officials who are under intense pressure to meet family planning targets results in instances of abuse, including forced abortion and sterilization....There are credible reports that several women were forced to undergo abortions of unauthorized pregnancies in Fujian [A] newspaper in Shenyang reported that family planning agents convinced a woman, seven-months pregnant, to take "appropriate measures." A well-documented incident of a 1994 forced eight-month abortion has been reported in the coastal province of Guangdong. A 1995 incident involving a forced sterilization was also reported in Guangdong.

Congress' response:

H.R. 2570 was introduced by Rep. Tillie Fowler and passed the House as a freestanding bill, 415-1, on November 6, 1997. It passed the Senate as an amendment offered by Senator Hutchinson to the Department of Defense Appropriations bill (S. 2132).

- H.R. 2570 condemns those officials of the Chinese Communist Party, the government of the PRC, and other Chinese nationals involved in forced abortions and sterilization.
- It would prevent such persons from entering or remaining in the United States.

#

Promoting Human Rights
H.R. 2358
The Political Freedom in China Act

The foundation of China's Communist dictatorship is the denial of basic human rights—civil, political, and religious. Those who seek to exercise those rights—not only well-known individuals such as Wei Jingsheng and Wang Dan, but thousands of others—are imprisoned or exiled, often without trial or even formal charges.

The 1996 State Department Human Rights Report on China stated unequivocally:

The [Chinese] Government continued to commit widespread and well-documented human rights abuses, in violation of internationally-accepted norms, stemming from the authorities' intolerance of dissent, fear of unrest, and the absence or inadequacy of laws protecting basic freedoms Abuses include torture and mistreatment of prisoners, forced confessions, and arbitrary and lengthy incommunicado detention. Prison conditions remained harsh. The Government continued severe restrictions on freedom of speech, the press, assembly, association, religion, privacy, worker rights

And the report made clear that the situation is worsening:

... the authorities stepped up efforts to cut off expressions of protest or criticism. All public dissent against the party and government was effectively silenced by intimidation, exile, the imposition of prison terms, administrative detention, or house arrest. No dissidents were known to be active at year's end Nonapproved religious groups ... also experienced intensified repression Serious human rights abuses persist in minority areas, including Tibet, Xinjiang, and Inner Mongolia. Controls on religion and other fundamental freedoms in these areas have also intensified.

Silence and secrecy are essential components of China's repression. From the nation's formal misnomer of "people's republic" to the petty subterfuges used to disguise slave-labor goods, the Chinese dictatorship depends on systematic concealment of the truth from the Chinese people and the world.

Congress' response:

- H.R. 2358 introduced by Rep. Ileana Ros-Lehtinen, was approved by the International Relations Committee on September 29, 1997, and passed the House 416-5 on November 5, 1997. In the Senate, Senator Abraham offered it as an amendment to the Department of Defense Appropriations bill (S.2132) and the bill passed the Senate on July 30, 1998.
- The bill authorizes increased funding (\$2.2 million) to permit six diplomats to

monitor human rights to be assigned to the Beijing Embassy, and provides that at least one diplomat dedicated to monitoring human rights would be assigned to each U.S. Consulate in China.

#

Promoting Freedom and Free Trade
H.R. 2232
Expand and Improve Radio Free Asia

A fundamental prerequisite to political and economic freedom is an informed citizenry. The Communist Chinese Government has accordingly made censorship and control of the information available to its citizens a key priority. In addition to its traditional methods—control of the media, suffocating secrecy and misinformation, and massive use of wiretapping, informants, and other forms of surveillance to restrict even private sources of accurate information—the regime is building an infrastructure for Internet use that will permit the state to filter and monitor information on this freest of communications media. And as a perfect example of the priority that the regime places on political control over economic development, the New China News Agency—or Xinhua—even censors commercial news from Dow Jones and Reuters.

The United States supports the free flow of information around the globe. In fact, peoples now free of Communism's grip in the former Soviet Union and Warsaw Pact attest to the value of Radio Free Europe and Radio Liberty. These relatively inexpensive, independently-run news services provided a substitute for the free media absent in the Soviet empire.

Similarly, Radio Free Asia and the Voice of America are cost-effective surrogate services that promote the free flow of information to the Chinese people.

The task of reaching Chinese listeners is complicated by the variety of dialects spoken in China. There is a tremendous linguistic and cultural divide between the Mandarin-speaking north and Cantonese-speaking south of China. And an array of other tongues, from Wu in Shanghai to Turkic dialects spoken in Xinjiang, make the job of broadcasting uncensored information all the more ambitious. Yet Radio Free Asia currently broadcasts only five hours a day in Mandarin and two hours a day in Tibetan, while VOA broadcasts ten hours a day in Mandarin and three-and-a-half hours a day in Tibetan.

Congress' Response:

- H.R. 2232, introduced by Ed Royce, Chairman of the Africa Subcommittee of the House International Relations Committee, was reported out of the International Relations Committee on September 30, 1997 and passed the House, 401-21, on November 9, 1997. It was reported out of the Senate Foreign Relations Committee with technical changes on May 19, 1998 and passed the Senate as an amendment to the Defense Authorization Act (S. 2057) on June 25, 1998. It was included in the Conference Report (§ 3901-3903) for H.R. 3616, and became law on October 17, 1998.

- The Act authorizes \$22 million in Fiscal Year 1999. This funding is intended to facilitate:
 - 24-hour-a-day broadcasts to China in the Mandarin, Cantonese, and Tibetan dialects, as well as other major dialects, including those spoken in Xinjiang.
 - Construction of transmitters in the Mariana Islands and acceleration of improvements to the Tinian Island transmitters so that they will be completed by June 30, 1998 instead of January 1, 1999.
 - Creation of a Cantonese language service with 16 journalists (including 3 based in Hong Kong and 2 roving between the United States and East Asia).
 - Purchase of new editing equipment to make 24-hour broadcasting in multiple dialects possible.
- H.R. 2232 also requires the President to prepare, within 90 days, an assessment of efforts to increase broadcasting to China and Tibet.
- By expanding Radio Free Asia and Voice of America, the legislation will foster goodwill toward the United States among the people of China and advance freedom.

#

Promoting Freedom and Free Trade
H.R. 2605
End U.S. Taxpayer Subsidies
to Communist China

Americans' taxpayer dollars should not be used to create unfair advantages for industries controlled by foreign governments. However, when the World Bank loans money to Communist Chinese industries out of its poverty fund, that is precisely the result. Such loans are not only contrary to American interests and the purposes of the poverty fund, but also unnecessary because Chinese industries have ready access to the world's private capital markets. Communist China has tremendous access to foreign investment, including \$48 billion in loans from private creditors in 1995, \$97 billion in international direct investment from 1993 to 1995, \$10.5 billion in investment in Chinese stocks by foreigners from 1993 through 1995, and billions more in various other types of foreign investment.

Yet the World Bank and the Asian Development Bank loaned China \$4.3 billion in both 1995 and 1996. And of the 1995 loan amount, \$480 million came from the World Bank's poverty fund—its concessional loan affiliate, the International Development Association. As concessional loans, these funds are by definition below market, and therefore subsidized by nations who fund them.

Congress' Response:

H.R. 2605, introduced by Rules Committee Chairman Gerald Solomon on October 2, 1997, passed the House, 354-59, on November 6, 1997.

- H. R. 2605 directs the President to instruct U.S. representatives to vote against taxpayer subsidized loans for the PRC.
- It also directs U.S. directors at international financial institutions to vote against concessional loans to the People's Republic of China and defines concessional loans as those "with highly subsidized interest rates, grace periods for repayment of 5 years or more, and maturities of 20 years or more."

#

Promoting Freedom and Free Trade
H. Res. 190
Admit Taiwan to the World Trade Organization
Before Communist China

World Trade Organization working groups are currently negotiating with Taiwan and the PRC over their respective bids for accession to the WTO. Taiwan is applying for membership in the WTO as a special customs region, a status that does not connote nationhood. (Hong Kong, for example, is retaining its separate WTO membership as a special customs region following its July 1, 1997 handover to China.) Taiwan, our eighth largest trading partner, is far closer to concluding an accession agreement than the PRC, which steadfastly refuses to meet free-market norms. Some 100,000 state-owned enterprises are currently operating in the PRC, employing two-thirds of the urban workforce. And unlike the PRC, Taiwan does not seek accession as a developing country, a status that would permit it to delay its abandonment of unfair trading practices.

Congress' Response:

- Res. 190, introduced by Policy Committee Chairman Christopher Cox, states Congress' support for Taiwan's WTO application and urges that Taiwan be admitted ahead of Communist China, which is not ready for WTO accession. The bill was referred to the Ways and Means Committee. A parallel amendment, authored by Rep. Dana Rohrabacher, passed the House on June 4, 1997.

#

Promoting Freedom and Free Trade
H.R. 2647
Deny Normal Commercial Status
to the Communist Chinese Military

The Communist Chinese People's Liberation Army directly controls a vast empire of commercial enterprises. Additionally, there is a parallel network of state-run defense industries under the supervision of the Commission of Science, Technology, and Industry for National Defense (COSTIND). Such enterprises have been involved in proliferation of weapons of mass destruction, arms smuggling, economic espionage, use of forced labor, piracy of intellectual property, and misappropriation of American technology that is militarily sensitive.

As state-owned enterprises, PLA enterprises frequently operate on non-commercial terms, conducting their affairs for such non-market reasons as military and prestige considerations and for advancing foreign policy concerns. And even when operating for commercial motives, PLA profits subsidize the military establishment with off-budget financing. According to Karl Schoenberger, writing in *Fortune* Magazine, off-budget military spending in 1997—including both profits from PLA enterprises and PLA arms sales—is “conservatively estimated at \$2 billion to \$3 billion.” Based on purchasing power parity, the Arms Control and Disarmament Agency estimated that 1994 Chinese military spending was nine times its announced budget.

To Chinese military spending is added the problem of weapons acquisitions—for instance, “fire sales” from cash-strapped Russia. That the “Chinese arms proliferation problem” involves what China buys as well as what it sells is captured by its efforts to acquire the *Sovremenny*-class destroyers from Russia, which are equipped with SS-N-22 supersonic anti-ship missiles. These “Sunburn” missiles were designed to evade defenses by hugging the surface of the ocean and then popping up to come straight down on the surface of ships. They are designed for destroying American aircraft carriers and Aegis cruisers—especially disturbing given the role of such forces in maintaining the U.S. Navy's strategic presence in Asia.

Instead of representing a stabilizing force in a generational leadership transition in China—as some allege—China's military establishment is an enemy of freedom at home and abroad. The PLA is responsible for *internal repression* from the occupation of Tibet to the Tiananmen massacre. It is responsible for *external aggression* from the seizure of Mischief Reef to the firing of missiles to intimidate Taiwan. And it is responsible for rampant *arms proliferation*, from Iran to the streets of San Francisco (in February 1996). The Communist Chinese military does not deserve to be treated like a private enterprise.

Congress' Response:

H.R. 2647, introduced October 8, 1997 by Rep. Tillie Fowler, enhances the President's authority over enterprises controlled by the PLA under the International

Emergency Economic Powers Act. It passed the House, 405-10, November 7, 1997, and passed the Senate by voice vote as an amendment to the Defense Authorization Act (S. 2057) on May 14, 1998. It was included in Conference Report (§ 1237) for H.R. 3616, and became law on October 17, 1998.

- The Act requires the U.S. Secretary of Defense, Attorney General, the CIA and the FBI to publish a list of Chinese military companies operating in the United States.
- The Act also authorizes the President to monitor, restrict, seize the assets of, and ban such PLA companies.

#

Ensuring Security
H.R. 2190
Annual Report on PRC Intelligence Activities
and Active Measures in the U.S.

Escalating attempts by the Chinese Government to manipulate the American political process, to direct political, military, and economic espionage against the United States, and to suppress or distort information about Communist China require a direct remedy.

Just some examples of illicit attempts by the People's Republic of China to gain influence or play a disruptive role in American society include the following:

- Theft of “basic technological secrets of U.S. companies” according to the Los Angeles Times. Reporting on February 28, 1997 Senate testimony by FBI Director Louis Freeh on economic espionage, the Times reported that intelligence sources identified China as “among those nations that have mounted major espionage against U.S. industry.”
- Efforts by Poly Technologies, which is controlled by the People's Liberation Army, to put deadly weapons on American city streets. FBI officers, posing as gang members, conducted a sting operation in February 1996 in which they caught Chinese agents:
 - Smuggling thousands of submachine guns and tens of thousands of rounds of ammunition into the San Francisco Bay area;
 - Trying to sell 300,000 silenced machine guns and mortars; and
 - Trying to peddle “Red Parakeet” shoulder-held surface-to-air missiles, which a Chinese agent boasted could “take out a 747.”
- The head of Poly Technologies' parent company, Wang Jun, met with President Clinton in an effort to gain influence in the United States—also in February 1996.
- The propaganda arm of the Chinese Communist Party, the “United Front Work Department,” endeavors to control and distort information about the PRC in the United States itself. As Newsweek reported on June 9, 1997: “The basic technique of the United Front,” says a U.S. intelligence expert, is to ‘hand over bags of money’ to Chinese living abroad for propaganda operations.” Evidence of the widespread influence of illegal foreign money in political campaigns in 1996 may well be linked to this shadowy active-measures operation.

- The FBI has looked into efforts by the Communist Chinese to funnel funds to congressional campaigns.

There is precedent for formalized efforts to track such influence-peddling and disruptive efforts. In 1985, then-Rep. Gingrich introduced legislation requiring the State Department to produce classified and unclassified annual reports on Soviet active measures in the United States, legislation repealed at his request in 1993. Pursuant to this law, the State Department, in consultation with the CIA, National Security Agency, the Pentagon, the Justice Department, the Treasury, and other appropriate agencies, provided annual classified and unclassified reports on Soviet active measures in the U.S.

Congress' Response:

H.R. 2190, requiring the President to report on PRC intelligence activities, passed unanimously in the House as the McCollum-Cox amendment to the Intelligence Authorization Bill (H.R. 1775) on July 9, 1997. It was included in the Intelligence Authorization Conference Report after Senate action (S. 858), passed again by 385-36 in the House and by unanimous consent in the Senate. It became law on November 20, 1997 (Public Law 105-107). The first classified and unclassified reports were due in Congress on February 18, 1998. They were delivered eight and 16 weeks late, respectively.

- To deal with the most egregious PRC covert operations in the U.S., H.R. 2190 requires reports by the Director of Central Intelligence and the FBI Director concerning:
 - Communist Chinese political, military, and economic espionage
 - Intelligence activities designed to gain political influence
 - Efforts to gain direct or indirect influence through commercial or non-commercial intermediaries
 - PRC disinformation and press manipulation.

#

Ensuring Security H. Res. 188 Fighting Missile Proliferation

China's extensive technology and weapons transfers to Iran directly threaten U.S. forces in the region, as well as U.S. allies like Israel and Saudi Arabia.

- In May 1997, the State Department cited seven Chinese entities for exporting chemical weapons technology to Iran. But these sanctions came fully *18 months after* the Administration expressed concern to the House International Relations Committee Chairman Ben Gilman that Communist Chinese firms had exported chemical weapons precursors to Iran.
- On June 17, 1997 it was further reported that Iran and China are jointly developing a new short-range ballistic missile with a 105-mile range.
- In September 1997, Israeli intelligence reports confirmed that China is supplying long-range nuclear missile technologies to Iran.

Most serious of all, however, were the transfer by the China National Precision Machinery Import-Export Corporation of 60 C-802 cruise missiles to Iran in 1995-96—transfers that were reported in Defense News, the Washington Post, and the New York Times as early as the summer of 1995.

The Gore-McCain Iran-Iraq Arms Non-Proliferation Act of 1992 requires the President to sanction nations that transfer “destabilizing numbers and types” of advanced conventional weapons to these outlaw nations. Yet the President refused to sanction China for this sale despite the fact that:

- 15,000 U.S. troops are stationed within range of the C-802 missiles acquired by Iran.
- The State Department itself has found that “[t]hese cruise missiles pose new, direct threats to deployed United States forces.” (Indeed, 37 American sailors were killed during Operation Desert Storm when the *U.S.S. Stark* was struck by a cruise missile in the Persian Gulf.)
- The former commander-in-chief of the U.S. Fifth Fleet, Admiral Scott Redd, said that the C-802 missiles give Iran a “360-degree threat which can come at you from basically anywhere.”

Congress' Response:

H. Res. 188, the *Gilman-Cox* resolution on cruise missile proliferation to Iran, passed the House 414-8 on November 6, 1997. An almost identical Senate counterpart passed as the Bennett Amendment to S. 903 (the State Department Authorization bill) on June 17, 1997.

- H. Res. 188, introduced by Ben Gilman, Chairman of the House International Relations Committee, was reported out of the International Relations Committee on September 26, 1997. The Senate passed a similar resolution 96-0.
- H. Res. 188 expressly finds that the delivery of the C-802 missiles violated the 1992 Act, and urges the Administration to obey the law—written by Vice President Gore while in the Senate.

#

Ensuring Security
H.R. 2386
United States-Taiwan
Anti-Ballistic Missile Defense Cooperation

Twice in the last three years China's People's Liberation Army has sought to pressure Taiwan with missile exercises close to the island democracy as it was holding national elections. In July 1995, during Taiwan's national legislative elections, China fired six nuclear-capable missiles 100 miles north of the island. And in March 1996, as Taiwan was conducting the first free election of a head of government in nearly 5,000 years of recorded Chinese history, China unleashed a massive campaign of military intimidation, including the massing of 150,000 troops and 220 fighter aircraft in the province closest to Taiwan, Fujian, and missile exercises. China's missile firings established a virtual blockade of Taiwan focused on its two principal ports—Keelung in the north and Kaohsiung in the south. The PLA fired M-9 ballistic missiles within 30 miles of each of these ports, which host 85% of the commercial shipping for Taiwan's booming free-market economy. Keelung's proximity to the capital of Taipei heightened the tension. The missile firings, which interfered with Taiwanese and American shipping and aviation, precipitated the Taiwan Strait Crisis, the most serious crisis in U.S.-Chinese relations in more than three decades. The U.S. was forced to respond by sending two carrier battle groups—a total of sixteen ships—to the Taiwan Strait.

These two episodes highlighted the Chinese military's enormous effort to acquire and deploy missile capabilities. The PLA now seeks to buy state-of-the-art missiles from Russia, including "Sunburn" missiles designed by the Soviet Union to destroy American aircraft carriers and Aegis cruisers. And the PRC continues to develop its indigenous missile capabilities:

- The DF-21 medium-range missile, soon to be quipped with radar-guided warheads. The missile has roughly a 1200-mile range, threatening not only Taiwan, but also U.S., Japanese, and South Korean forces.
- The M-9s the PLA used against Taiwan in 1995 and 1996, but with improved accuracy based on Global Positioning Satellite technology.
- A new class of long-range attack cruise missile similar to the U.S. Tomahawk.

American sales of theater missile defense components to Taiwan respond to such threats. Because these systems are purely defensive, they pose no threat to any nation in the region, and by their nature will only *contribute to* stability in the region. As defensive weapons, their sale is consistent with the Taiwan Relations Act. Indeed, deployment of such defenses could reduce the need for the United States to intervene in the future as we did in 1996. And, because such weapons would be purchased from the United States, no U.S. foreign aid is required for the transfer.

Congress' Response:

H.R. 2386, introduced by Chairman Duncan Hunter was reported out of the International Relations Committee on September 30 and passed the House, 301-116, on November 6, 1997. A revised version of this bill, extending its coverage to other Asian allies in addition to Taiwan, passed the Senate as an amendment to S. 2057 (the Defense Authorization Act) on June 25, 1998. It was included in the Conference Report (§ 1533) for H.R. 3616, and signed by the President on October 17, 1998.

- H.R. 2386 requires the Administration to develop plans for missile defense systems capable of defending the territory of Taiwan as soon as reasonably possible.
- It also calls on the President to approve the sale of missile defense systems to Taiwan.

#

Policy Perspective
July 15, 1997

Paying for North Korea's War Machine

"If [the North Koreans] are in such great difficulty, as they claim they are, and if they are in need of assistance, why are they spending their resources on this kind of military exercising? You have to ask yourself."

--Gen. John Shalikashvili, Chairman, Joint Chiefs of Staff

Communist North Korea ranks with the world's worst pariah nations. It exports terror and represses its own people. According to the State Department's latest human rights report, it relies on executions, torture, summary arrest and complete control of all aspects of the lives of its 22 million people to quell any and all dissent from the edicts of its dictator, Kim Jong-Il. North Korea is without question the most completely totalitarian country on earth.

Annually, Communist North Korea spends over \$5 billion on its rapacious war machine, including a million-man army--the world's fifth largest. Meanwhile, its civilian population is starving.

In the last four months, the Clinton Administration has diverted \$52.4 million in P.L. 480 food aid to North Korea. The U.S. provided \$25 million to North Korea last year to help build nuclear reactors and for fuel, and the Administration has requested \$30 million for North Korea's nuclear program in the upcoming fiscal year. Since 1994, the Clinton Administration has given tens of millions of dollars to North Korea in fuel oil and food, and encouraged other foreign governments to give even more.

This aid is not only delaying the systemic reforms that are the only path to recovery, but actually strengthening Kim Jong-Il's tyranny. It is simply naive to believe that his regime is not willing and able to use such assistance to bolster itself. Congress should reject the Clinton Administration's foreign aid program for North Korea.

A Lifeline for Kim Jong-Il

The North Korean food-rationing system favors the military and the party elite. In the midst of massive man-made famine, this is how Kim Jong-Il maintains his grip on power.

Hwang Jang-yop, the chief theoretician of the North Korean ruling party who defected to South Korea in February 1997, stated at a July 10, 1997 news conference:

“North Korea controls people with food....North Korea controls the entire country and people with food distribution. In other words, the food distribution is a means of control.”

The \$52.4 million in food aid given by the United States to North Korea in the current fiscal year is given out at government distribution centers. The hermetic isolation that the regime forces on these state-controlled centers makes it impossible to safeguard this assistance against wholesale diversion to the military and the security apparatus.¹

Moreover, no amount of foreign aid can address the long-term, systemic crisis gripping every sector of Communist North Korea's economy--even on the untenable assumption that it was not diverted to the military. Younger North Koreans are now visibly shorter than their elders, the legacy of a lifetime of malnutrition. Energy supplies have dwindled so much that North Korea's cities are largely dark at night, and energy shortages have resulted in massive disruption in manufacturing across the country. Throughout every sector of the economy, production and distribution are in chaos. Stalinist agriculture policies have devastated the land.

The fundamental cause of the economic crisis is a half-century of Stalinist economic and agricultural policy, which has caused the North Korean economy to contract every year since 1990.

Recent estimates put the structural contribution to North Korea's food shortage at 85%, with the recent flooding contributing only 15%. Foreign aid on any but the largest scale could not mitigate the effects of this man-made economic cataclysm. North Korea itself has claimed that it needs 1.3-1.5 million tons of grain--over half of the 2 million tons of wheat that the U.S. Defense Intelligence Agency estimates North Korea harvested last fall, and costing as much as \$600 million.² The truth is, the \$53 million in U.S. food aid is not feeding the peasants. It is feeding the North Korean military.

U.S. Taxpayers Underwrite North Korea's Nuclear Program

The Clinton Administration is also seeking to continue implementation of its feckless response to Pyongyang's massive nuclear weapons program: \$30 million to help provide the North Korean dictatorship with two nuclear reactors and fuel oil supplies.

These payments, pursuant to the "Framework Agreement" between the Clinton Administration and Kim Jong-Il, are an unvarnished effort to bribe the North Korean government. In 1993, when unmistakable evidence of North Korean nuclear weapons development was uncovered, President Clinton took an uncompromising stand: "North Korea cannot be allowed to develop a nuclear bomb. We have to be firm about it."

¹ North Korea has other revenue-raising schemes besides cadging foreign aid from Washington. In April 1997 Japanese police seized \$100 million of amphetamines that the North Korean government was trying to smuggle into Japan on a North Korean cargo ship--a small part of Pyongyang's coordinated worldwide drug-smuggling efforts. North Korean diplomats have been caught throughout East Asia attempting to circulate forged U.S. currency. And North Korea also runs a huge arms-sale program that led the United States to label it a leading arms proliferator.

² North Korea itself estimates that last fall's wheat harvest was 2.5 million tons.

Such uncharacteristic firmness was soon exchanged for a more congenial policy of appeasement. The Framework Agreement negotiated by the Clinton Administration promised Kim Jong-Il billions of dollars' worth of nuclear reactors, fuel oil, and enhanced diplomatic and commercial cooperation in exchange for a flimsy, unverifiable promise to halt production of nuclear weapons. Today, published reports of CIA analyses make it plain that North Korea has nuclear weapons, and may be seeking to develop more.

Moreover, the reactors that Clinton promised North Korea are so easily used in nuclear weapons production that the U.S. has vehemently protested Russian transfer of the very same type of reactor to Iran, on the grounds that it amounts to proliferation of weapons of mass destruction. Nuclear arms experts have pointed out that the light-water nuclear reactors the Administration has promised North Korea can produce weapons-grade plutonium at a greater rate than the nuclear plants that Kim Jong-Il promised not to build.

Daryl Plunk of the Heritage Foundation observed that, since the "Agreed Framework," [t]he Clinton administration...backed down from its previous demand that Pyongyang provide a full accounting of the significant amount of bomb-grade material it possesses. The Administration has admitted it has no way of detecting if a secret North Korean bomb-making program is under way.

And the North Koreans are threatening to withhold information they committed in October 1994 to provide to the International Atomic Energy Agency (IAEA) about their use of nuclear materials.

U.S. Subsidies to Kim Jong-Il Bolster the Communist Military

While wheedling millions from the U.S. taxpayer, Kim Jong-Il chooses to spend his own scarce resources not on food for his people but on a military juggernaut specifically designed to threaten our South Korean and Japanese allies and the 100,000 U.S. troops based in South Korea and Japan. North Korea spends over \$5 billion on its million-man army. As one observer noted recently,

"With just 5% of the \$5 billion it spends on its military every year--one of the largest forces in the world--North Korea could stave off the famine.... But, it seems, this belligerent Stalinist state would prefer to keep its million-man army arrayed across the border from South Korea, threatening the 37,000 U.S. soldiers stationed there."³

Recently, North Korea spent billions to forward-deploy 60% of their forces to the border with South Korea and superharden what was already the world's largest collection of artillery. The CIA reportedly has concluded that the North Koreans have massively upgraded this long-range artillery capability, deploying 170-mm self-propelled artillery and 240-mm multiple-rocket launchers to front-line units. These deployments directly threaten not only the U.S. and South Korean forces defending the border but the 15

³ Jay Ambrose, "How North Korea's Food Chain Functions," Washington Times, June 3, 1997 p. A14.

million civilian residents of Seoul, just 30 miles away from the DMZ. North Korean artillery fire can reach downtown Seoul in 57 seconds. And this year's "large-scale military exercises ... consumed huge amounts of fuel and food, [U.S.] officials said."⁴ According to a recent defector, North Korea's chief ideologist Hwang Jang-yop, the purpose of this forward deployment (and, presumably, the expensive maneuvers) is to enable Kim Jong-Il to mount "an all-out surprise attack" while U.S. and South Korean forces are in garrison.

North Korea has spent millions to produce a medium-range (1,000 km) missile, the No-Dong, with a 1,000 kg warhead. In addition, it is actively developing two long-range missiles, the Taepo Dong I and II, with ranges of 1500 and 2000 km. And in testimony before the House in February 1997, former Ambassador to South Korea James Lilley cited recent reports that "North Korea has been on a military shopping spree in Russia, China, Pakistan, and India...[,] upgrading its MiG-21s with more powerful engines and navigational equipment from India [and] ask[ing] India for Russian-made systems, including Russian air defense systems, ...anti-aircraft systems, submarines, landing ships and automatic infantry weapons...."

While Peasants Starve, an \$83 Million Mausoleum for the "Great Leader"

Ambassador Lilley has aptly termed the Stalinist worship of Kim Il-Sung a "death cult." What many U.S. taxpayers would be surprised to learn, however, is that they're subsidizing it. Last week, the North Korean government spent a fortune choreographing nationwide ceremonies commemorating the third anniversary of Kim Il-Sung's death.

As Ambassador Lilley has written:

"A look at how North Korea spends its money gives us a certain perspective on why we should be careful how we spend ours.

"After the death of dictator Kim Il-Sung, the presidential palace was remodeled to house the embalmed body at a cost of nearly \$83 million. The embalming itself, according to the TASS News Agency, took \$6 million.

*"The North spent tens of millions of dollars on a birthday celebration for Kim Jong-Il. Kim Jong-Il charged \$134 million to North Korea's treasury for upgrades to his lavish residence...."*⁵

Conclusion

The Clinton Administration's foreign aid program for Kim Jong-Il's government is an outrage that must be stopped. U.S. taxpayers are being forced to sustain and enhance Communist North Korea's nuclear, chemical, and conventional military threat to U.S. forces in South Korea and Japan. U.S. subsidies are directly used to shore up

⁴ Jonathan Landay, "U.S., China Struggle to Uncover Reach of North Korean Famine," Christian Science Monitor, May 15, 1997.

⁵ Ambassador James Lilley, "Underwriting a Dictatorship: North Korea Has Become a Black Hole Down Which U.S. Tax Dollars Disappear," Washington Post, July 19, 1996 p.A27.

Kim Jong-Il's dictatorship and permit him to delay reform. Congress should end the Clinton Administration's support for this virulently hostile totalitarian regime.

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Government Shutdowns Now and Then

What a Difference a Year Can Make

The disaster relief supplemental appropriation that President Clinton vetoed on June 9, 1997 contained a key provision that would prevent the federal government from shutting down in the event of a deadlock between the President and Congress on the final language of spending bills. If the President and Congress failed to agree, the provision would continue funding the government at 100% of current spending levels.

Just a year and a half ago, President Clinton cast three consecutive vetoes of spending bills that he believed did not contain enough money. Each time, the result of this policy disagreement between Congress and the President was a government shutdown. And in the wake of each shutdown, Congress--Democrats and Republicans alike--voted to continue the government at less than 100% of current funding levels.

The rhetoric of both Bill Clinton and Democrats in Congress just a year and a half ago seemed sincere on one point: under no circumstances should policy disagreements between the White House and Congress result in the “disaster” of a government shutdown. Today, the President and Democrat leaders in Congress are not only unwilling to prevent shutdowns, they are willing to exacerbate the plight of Americans waiting to receive disaster assistance in order to keep the shutdown weapon available.

Shutdowns--Then and Now

On November 14, 1995, House Minority Leader Richard Gephardt stated that a government shutdown was inherently immoral:

“To make innocent Americans the victims of our inability to solve this disagreement is simply morally wrong.”¹

The next day, on November 15, 1995, the Minority Leader painted a grim picture of the government shutdown:

“[A]bout 28,000 eligible Americans apply for Social Security benefits every single day. Right now...their applications are completely ignored....And it's not just seniors who are affected--it's also AIDS patients. Low birth-weight babies. The disabled. And it's happening all over the country.”²

¹ Rep. Gephardt, statement on the House floor, November 14, 1995.

² Rep. Gephardt, statement on the House floor, November 15, 1995.

On January 3, 1996, Rep. Gephardt described the victims of a government shutdown:

“Think about the frail, home-bound seniors who will not have their meals delivered in time, or at all. Think about the elderly who will not have their Medicare claims processed, and the jobless who will not receive their unemployment checks.”³

That was then. Shutdowns were disastrous eighteen months ago, but today--
“[t]here is absolutely no justification at all for putting into this bill irrelevant matters.”⁴

The “frail, home-bound seniors” who will not have meals, the “elderly who will not have their Medicare,” the “jobless who will not receive their unemployment checks”--all these people have become “irrelevant matters” in just a year and a half.

Minority Whip David Bonior in January 1996 detailed a whole list of actual and potential victims of a government shutdown:

“Federal workers and their families all across America and beyond are being held hostage. Meals on wheels, a program for our seniors--that is being threatened. Small businesses are losing income because of SBA problems with the Small Business Administration. And private-sector employees are being laid off, because of the government shutdown, from cleaning up Superfund sites and other environmental catastrophes, and the people who have got the contract to do those cleanups are being laid off.”⁵

In the same statement, he complained that:

“Half a million people are working today not knowing if they are going to get paid. And we have got about 260,000 federal workers who are not on the job.”⁶

Other consequences of a shutdown that Rep. Bonior foresaw included:

“Environmental waste cleanups, nursing home inspections are being interrupted, and in one case a foreign government is threatening literally to shut off the lights at the U.S. Embassy because we have not been paying our bills.”⁷

Today, however, Rep. Bonior considers preventing government shutdowns a case of “politicians put[ting] their own personal agenda before the needs of flood victims.”⁸ His own “personal agenda” apparently no longer includes federal workers, the hungry, America’s families, small businesses, workers, or environmental cleanup.

³ Rep. Gephardt, statement on the House floor, January 3, 1996.

⁴ Rep. Gephardt, news conference, Washington, D.C., June 3, 1997.

⁵ Rep. Bonior, statement on the House floor, January 3, 1996.

⁶ Rep. Bonior, statement on the House floor, January 3, 1996.

⁷ Rep. Bonior, statement on the House floor, January 3, 1996.

⁸ Rep. Bonior, Washington Post, June 5, 1997, at A1.

President Clinton's amazing 180-degree reversal on this issue may be the most cynical. President Clinton today vows to veto important legislation precisely because it prevents the "calamity" that in January 1996 was his deepest concern.

On January 3, 1996, President Clinton said:

"It is deeply wrong to shut the government down while we negotiate...I will continue to do everything I can in good faith in order to reach an agreement. But it is wrong to shut the government down."⁹

Three days later, he complained: "This shutdown has had a real and unfortunate impact on the lives of *millions of Americans*."¹⁰ [Emphasis added.] Looking back over the shutdown two weeks later, President Clinton complained:

"In the last shutdown alone, the Federal Housing Administration was unable to insure single family home loans for tens of thousands of deserving applicants; and many, many thousands of citizens couldn't get passports; some veterans couldn't get benefits; many Medicare claims couldn't be processed; small businesses--lots of them--couldn't get loans to create new jobs; environmental clean-up actions were halted."¹¹

And during his January 20, 1996 radio address, President Clinton pleaded:

"Don't shut the government down...Let's do the right thing...Let's get the job done for the American people."¹²

Opposing What They Supported in the Past

President Clinton's and Democrat leaders' recent reversal on government shutdowns--today opposing legislation that would prevent a government shutdown, which they decried as the ultimate evil just a year and a half ago--is even more paradoxical because in 1995 and 1996, on thirteen different occasions, the Democrats in Congress supported, and the President signed, bills to do exactly what the current anti-shutdown legislation does--except that government was funded at less than 100% levels. Even vehement shutdown critics such as Gephardt and Bonior voted for ten and nine of these resolutions, respectively, each of which the President also signed.

Each of these thirteen "continuing resolutions" funded a host of government operations at levels lower than 100% of the previous fiscal year's level. For example:

H.J. Res. 108, which the President signed on September 30, 1995, funded most government operations at the average of the sums appropriated by the House and Senate, minus 5%.

⁹ President Clinton, press statement, January 3, 1996.

¹⁰ President Clinton, radio address, January 6, 1996.

¹¹ President Clinton, radio address, January 20, 1996.

¹² President Clinton, radio address, January 20, 1996.

H.J.Res. 123, 122, and 134, signed by the President on November 19, 1995, and November 20, 1995, and January 6, 1996, funded most government operations at the lower of the sums appropriated by the House or the Senate, or the previous year's level.

H.R. 1643, signed by the President on January 6, 1996, funded government operations at the lower of the sums appropriated by the House or the Senate, or the previous year's level.

H.R. 2880, signed by the President on January 26, 1996, funded government programs at the lowest of the House level, the Senate level, or the Conference report level; items under the Labor-HHS-Education appropriation were funded at the lower of the House or Senate level.

H.J. Res. 136, signed by the President on December 22, 1995, principally funded the District of Columbia and AFDC; it did so at the lower of the sums appropriated by the House or the Senate or the previous year's level for the District, and at the lower of the House-passed level or the previous year's level for AFDC.

H.J. Res. 153, signed by President Clinton on January 4, 1996, continued the District's funding under the same formula.

On January 2, 1996, when the President signed H.J.Res.136 into law, he "welcomed" it, stating that the law "ensures that the Government makes veterans' benefit payments to 3.3 million veterans and their survivors without further delay." According to President Clinton, "H.J. Res. 136 prevents the serious impact that the partial shutdown could have had on 3.3 million veterans and their survivors as well 9 million low-income children."¹³

Yesterday, President Clinton vetoed emergency disaster relief legislation that would keep the government running at 100% of current levels in the event of an impasse between Congress and the President on spending details. The bills he signed in the past provided for less than 100% funding.

In his veto message, President Clinton called legislation to prevent government shutdowns "ill-advised," claiming that it is not "consistent with our values and principles." Yet eighteen months ago, President Clinton claimed to consider a government shutdown "*deeply wrong*."¹⁴

Conclusion

In describing the effects of the government shutdown, President Clinton stated that "[m]any, many thousands of citizens couldn't get passports; some veterans couldn't get benefits; many Medicare claims couldn't be processed; small businesses--lots of them--couldn't get loans to create new jobs; environmental clean-up actions were halted."

¹³ President Clinton, Office of the Press Secretary--Statement by the President, January 2, 1996.

¹⁴ President Clinton, Message of Disapproval, June 9, 1997.

Some might call that a disaster. With his latest veto, President Clinton appears to regard it as an opportunity.¹⁵

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¹⁵ President Clinton, radio address, January 20, 1997.

Why Congress Needs Accurate Scoring of Tax Rate Reductions

Congress' Scoring Method Is Outside the Mainstream

Each element of Congress' agenda of promoting economic growth through lower taxes and reduced federal spending must, by law, receive a budgetary "score" before it can be enacted--an estimate supplied by two Congressional agencies of its effect on the budget over five years. In order to make the best policy decisions possible, Congress must get the most accurate budgetary estimates possible.

Unfortunately, the estimates Congress receives have been routinely wrong--erring by over 100% in recent years. By relying on inaccurate scoring, Congress has dramatically reduced its ability to enact fiscal policies that promote steady economic growth, lower interest and inflation rates, and more and better jobs.

Anatomy of a Mistake

With the Budget Act of 1974, the post-Watergate Congress hoped to create an institutional counterweight to the President's Office of Management and Budget, as well as an impartial source for the budgetary scores that determine the treatment of legislation under the 1974 Act's procedures. These projections were intended to help Congress eliminate recurring federal budget deficits and pursue sound fiscal policy.

Congress has created two bureaucracies to furnish scoring of revenue and spending bills. The Congressional Budget Office (CBO), created by the 1974 Act, develops estimates of individual appropriations and authorization bills, as well as the all-important economic assumptions on GDP growth, inflation, unemployment, and interest rates that underlie its budget analyses. The professional staff of the Joint Committee on Taxation (JCT), which predates the 1974 Act, studies the revenue effects of changes to the tax code by using a statistical model of tax returns of individuals, corporations, and fiduciaries.

As a result of this division in authority, scoring of legislative proposals is done in multiple phases. At the beginning of the year (and in a midyear update), CBO projects macroeconomic performance, using "widely accepted" economic methodology and assumptions. These projections provide a "baseline" estimate of macroeconomic performance and government spending and revenues over a period covering five or more years, assuming continuation of current policies. These macroeconomic estimates have a critical bearing on estimated tax receipts and some of the largest elements of federal expenditures, such as major entitlements; they therefore largely control the deficit projections which in turn drive many of the procedures of the 1974 Budget Act.

Specific legislative proposals, in turn, are considered as they are developed, with the analysis performed by JCT for revenue proposals and by CBO for spending changes. These analysts may use their own assumptions and models, but only to the extent that their analyses do not affect the overall macroeconomic "baseline" projection that CBO provided earlier. Instead, analyst groups credit proposed legislation with budgetary savings or increased expenditures compared to the individual baseline for the program in question.¹

This arrangement creates serious inaccuracies in the scoring of any policy change that significantly alters macroeconomic behavior or performance. Although JCT analysts assume some behavioral effects from changes in tax rates, they do not use broad macroeconomic effects from changes in tax rates to revise the overall baseline itself--a task reserved to CBO. Yet CBO does not revise the baseline to reflect these changes, either, since revenue scoring is reserved to JCT. This chain of analysis effectively precludes consideration even of widely acknowledged economic growth effects of tax-rate increases or decreases.

Example: A Tax-Rate Reduction on Savings

One policy with particularly well-established microeconomic and macroeconomic effects is a change in the tax rate on savings and investment. As a macroeconomic matter, so-called "capital gains" taxes on savings and investment are a direct inhibitor of improved labor productivity and economic growth. Not surprisingly, therefore, when the rate of tax on capital gains has been reduced in the past, it has resulted in improved economic performance, higher income tax collections, and even higher capital gains tax collections. All of this clearly documented real-world result is ignored by Congress' current "scoring" system.

That's why, despite CBO's and JCT's flawed figures, some of America's most distinguished economists advocate reduction or repeal of the capital gains tax burden on savings and investment. Nobel Laureate Milton Friedman, for example, calls for policies "favorable to the effective operation of those basic forces of enterprise, ingenuity, invention, hard work and thrift that are the true springs of economic growth," and lists a capital gains tax rate reduction as a central component of that strategy. And recently, Federal Reserve Chairman Alan Greenspan called on Congress to eliminate the capital gains tax, citing the tax's unjustified burden on savings, investment, and economic growth. He notes that if Congress were effectively to coordinate its fiscal policy with the Federal Reserve's monetary policy, this coordination could sustain a higher economic growth path with continued low inflation.

Unfortunately, Congress is poorly equipped to consider the very growth effects Friedman, Greenspan, and countless others cite. The JCT can and does attribute some behavioral changes to a capital gains tax rate reduction. But both JCT and CBO claim to be precluded from attributing an improvement of the economy as a whole to such a

¹ On January 4, 1995, the House of Representatives changed its rules, by a 421-6 margin, to outlaw the use of this "baseline budgeting" concept in Committee reports. But CBO's scoring methods have not changed.

reduction. This apparently technical dilemma is actually a huge flaw that greatly impairs the ability of Congress to pursue sound policies.

In addition, JCT has historically miscalculated the behavioral effects of a capital gains tax rate reduction. It is a fact that lowering the tax rate on capital gains realizations has led to more realizations, and thus actually increased capital gains tax revenues to the Treasury. JCT called it wrong each time.

When the capital gains tax rate was reduced to 20% in 1983, revenues from the tax rose over the next five years by 385%--from \$12.9 billion to \$49.7 billion. Yet JCT had predicted that the rate cut would lead to a major loss in tax revenue. The same was true in 1978, when the tax rate on capital gains was reduced from 49% to 28%. According to testimony before the Senate Finance Committee, JCT estimated that the 1978 rate cut would lose \$6.2 billion over five years. Actually, it rose by billions of dollars every year thereafter--until the tax rate was increased, when revenues fell.

In 1986, chasing after "scored" revenue, Congress dramatically increased the capital gains tax rate, from 20% to 28%. The changes took effect in 1987. The result was the exact opposite of the revenue gain that JCT predicted. Revenues fell 34% in the first year, and have never recovered to their 1986 level. The overall economy suffered as well. Yet Congress' scorekeeping bureaucracies failed to consider this predictable effect on overall economic growth, just as they once again failed to gauge accurately the microeconomic impact of this huge tax increase in motivating increased savings and investment.

Here is exactly what JCT predicted: that the hike in the tax rate on capital gains would increase realizations to \$270 billion by 1992, with a correspondingly large increase in tax revenues. Instead, realizations plummeted in 1992 to an anemic \$127 billion; tax revenues fell 34% in the first year after the rate increase, and only by 1996--ten years after the tax hike--did capital gains tax revenues begin to approach anywhere near their 1986 level.

JCT has recently attributed greater microeconomic behavioral changes to a capital gains tax rate reduction. But JCT still does not consider the most profound effects of such a tax rate change. As a result, Congress's ability accurately to project federal revenues, expenditures, and deficits--and therefore to make wise economic policy choices--is crippled.

"Widely Accepted Methods"

On January 17, 1997, JCT convened a symposium on the economic effects of tax reform. Nine of our nation's leading economic modelers projected the effects of two reform proposals: implementation of a single-rate consumption tax (thereby eliminating taxes on savings and investment), or a "unified income tax" proposal that broadens the tax base while flattening tax rates (but without eliminating taxation on savings and investment.)

These modelers, who represent widely divergent economic views, did not labor under the artificial bureaucratic constraints that afflict the CBO/JCT establishment. Each of these modelers--like nearly all economists outside of the government--considers tax policy a hugely important determinant of our nation's overall economic performance. The results of these modelers showed clearly how far out of step CBO/JCT are from the rest of the economics profession. Each of the models--which ranged the economic spectrum from Keynesian to classical--predicted significant long-run growth effects from the consumption tax reform proposal. (The modelers were divided on the growth effects of the proposal that did not seek to mitigate the cost of capital.)

Conclusion

No one should support faulty economic forecasting. The track record of CBO and JCT in "scoring" revenues is horrific. The failure to predict the effects of tax-rate changes accurately prevents Congress from making sound policy choices.

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NATO Expansion

Key to Peace and American Security

On March 6, 1997, House Republicans released their Legislative Priorities for the 105th Congress. Priority 11, Rebuild a Strong National Defense, included a call to “Expand NATO to ensure peace for future generations.” This Report summarizes current progress and challenges in implementing this priority.

America’s victory in the Cold War, which liberated the nations imprisoned in the Warsaw Pact and the former Soviet Union, is President Reagan’s greatest legacy. Consolidating and safeguarding that victory through expansion of the North Atlantic Treaty Organization has long been a key priority of the Congressional majority. The NATO Participation Act, a Republican initiative enacted in 1994, created a framework to assist the leading candidates for admission to the Alliance. And the NATO Enlargement Facilitation Act, a key plank of the Contract with America enacted in 1996, fostered the impending expansion of the NATO Alliance to include, at a minimum, Poland, Hungary, and the Czech Republic.

Today, the Congressional majority is committed to a broader and deeper expansion of the Atlantic Alliance. The European Security Act, introduced by Chairman Gilman of the House International Relations Committee on April 24, 1997, paves the way for expansion of NATO and a free and secure Europe.

But successful expansion of the Alliance is threatened--by a Russian diplomatic offensive, and by the Clinton Administration’s ill-considered responses to it. The “Founding Act” agreed to by Russia and NATO, as well as the expected adoption of a restricted program of expansion at the Madrid Summit in July, threaten both NATO expansion and the integrity of the existing NATO structure. Congress must ensure that freedom’s victory in the Cold War is not compromised in its aftermath.

Defending Central and Eastern Europe

The fundamental geopolitical reality in Central and Eastern Europe is the inherent imbalance of power between Russia and its immediate and near neighbors, either individually or in combination. This age-old reality is reflected in Russian dominion over Poland, the Baltic nations, Finland, Belarus, and Ukraine in the 18th and 19th centuries, and over the vast imperium of the Soviet Union and Warsaw Pact in the 20th century.

The current eclipse of Russian military and economic power should not blind us to centuries-old realities of geography and economics. An expanded NATO remains an essential shield against a resurgence of Russian power. Even today, there is clear evidence of a revival of Russian expansionism:

- Russia has achieved a “reunion” with Belarus, a nation of 10.5 million the size of Romania. On April 2, 1997, Russian President Yeltsin and Belarussian President Lukashenka signed a treaty creating a union of the two countries with joint armed forces and common citizenship and currency, as well as a binational ruling body. The union will again bring Russian power, after an absence of only six years, to the eastern borders of Poland and the Baltic states--700 miles farther west. Russian commentators stressed that the “union” was a riposte to NATO expansion, and that it is open to other members. As a result, Russia will have achieved an expanded union before NATO does.
- Russia has serious border disputes with Ukraine, and has refused to define its thousand-mile border. Russia continues to claim the strategic Crimean Peninsula, as well as significant units of the former Soviet Black Sea fleet.
- Russia has repeatedly and brutally threatened the three Baltic Republics.
 - TASS reported on January 9, 1997 that Russian Foreign Minister Y.M. Primakov stated at a cabinet meeting that “Russia should not be afraid to use economic sanctions” to in disputes with former Soviet republics over the status of their Russian minorities.
 - A February 12, 1997 statement by the Russian Embassy in Washington warned that “entry of Baltic nations into NATO would... have an extremely negative impact on the prospects of formation of a long-term model of constructive cooperation in the region.”
 - That statement’s insistence on “creating favorable transport conditions for the Kaliningrad region,” prompted one analyst to observe: “If Poland becomes a member of NATO, Lithuania will be the only landbridge between the two. And Moscow is thus making it very clear it will demand a transit accord with Lithuania, something Vilnius is unlikely to agree to willingly.”¹
- Russia maintains significant military forces in the Kaliningrad enclave bordering Lithuania and Poland--forces not restricted by the CFE Flank Agreement limitations.
- Russia’s armed forces have seized control of portions of Moldava, a small state physically separated from Russia by 325 miles of Ukrainian territory, but contiguous to NATO candidate Romania.
- Russia has repeatedly intervened to destabilize and subvert the strategic Republics of Georgia and Azerbaijan in the Caucasus Mountains--the latter of which has newly-found, exceptionally important gas and oil reserves whose transit routes westward Moscow seeks to control.

¹ Paul Goble, “Russia: Analysis from Washington--Putting Pressure on the Baltics,” Radio Free Europe/Radio Liberty (February 14, 1997).

- Russia has stationed its armed forces in Ukraine, Armenia and Tajikistan.

And while tolerating dramatic deterioration in its Soviet-era force structure, the bankrupt Russian state still commits vast resources to military research and procurement that will bear fruit in the intermediate future--like the defeated German Reichswehr of the 1920's. Russia's revised military doctrine in essence neglects current military assets to concentrate on leapfrogging potential foes by developing next-generation technologies. Since Russia observed the performance of U.S. high-tech assets in Operation Desert Storm, its doctrine "places new emphasis on the need for military technology advancements in C⁴I (command, control, communications, computers, and intelligence), long-range smart weapons, and increased mobility, especially in air and space."² Russian spending for research and development of high-technology weapons has increased nearly sixfold over the past three years, rising from \$2.1 billion in 1994 to almost \$13 billion today--versus other defense spending of \$19 billion. Current high-priority projects include production of an upgraded mobile ICBM, tactical nuclear weapons, miniature nuclear warheads, and a new Submarine-Launched Ballistic Missile--all already in development or production.³ And Jane's of Britain reports that Russia has developed several new chemical and bacteriological weapons, including a new strain of anthrax which antibiotics cannot counteract.⁴

Russia's entire negotiating posture on NATO expansion reveals not a fear of aggression--which Russia's leaders from Boris Yeltsin on down have disclaimed--but a conscious desire to dominate both the former Soviet Union and the former Warsaw Pact. Why else would the current Russian Foreign Minister (and former Soviet KGB head) Y.M. Primakov have opened negotiations with the following demands:

- That NATO accept a 10-year moratorium on the accession of any other Central European nation after the entry of Poland, Hungary, and the Czech Republic in 1999.
- That NATO forswear ever placing troops, nuclear or other heavy weapons, or even military infrastructure on the soil of those new members Moscow is prepared to countenance.
- That no former Soviet Union republic--including the Baltic states forcibly annexed by the USSR as part of the infamous 1939 Molotov-Ribbentrop Pact--ever be considered for NATO membership.

These negotiating positions made sense only if Russia seeks the ability to blackmail or actually occupy the whole former Warsaw Pact, and direct military dominance over the mis-named "Commonwealth of Independent States." Indeed, given the unfolding sequence of events, NATO expansion might fairly be characterized as a Western response to accelerating Russian efforts to revive the Soviet imperium.

Promoting Democracy and Stability in the Former Warsaw Pact

² James H. Slagle, "New Russian Military Doctrine: Sign of the Times," *Parameters* (Spring 1994), p.90.

³ "Cash Strapped Russian Forces Increase R&D Spending Sixfold," *Washington Times* (May 14, 1997), p.A8.

⁴ "Russian Responses to NATO Expansion," *Asia Times* (April 11, 1997), p.6.

Beyond defending Western Europe from Soviet imperialism during the Cold War, NATO proved essential to fostering democracy and the rule of law in Germany, Italy, Portugal, Spain, Greece, and Turkey. So too will NATO membership today lend stability to states still trying to revive or create capitalism and democracy after generations of Communist autocracy. NATO membership will in particular help inculcate the norm of civilian control of the military. And just as membership in NATO helped abate the historic rivalry between Germany and France and contain disputes between Greece and Turkey, so too will NATO membership help diminish longstanding animosities between Central European nations. Already, the mere prospect of NATO membership has helped promote settlement of outstanding issues predating the Second World War between Germany and the Czech Republic, and led Hungary and Romania to resolve their centuries-old territorial disputes.

The alternatives, then, are not the current status quo and NATO expansion. Rather, they are a stable, prosperous, democratic Central and Eastern Europe, secure against external coercion but threatening to no one, or an insecure zone of 160 million people in the heart of Europe, riven by social, economic, and national tensions, and subject to intimidation or worse by outside forces. The latter choice would threaten Russia, Western Europe, and therefore the United States, which has already twice been drawn into world wars originating in Central Europe.

The Clinton Administration's Policy

Unfortunately, the Clinton Administration has badly mismanaged what ought to be a bipartisan policy. President Clinton delayed concrete steps towards NATO expansion throughout the entirety of his first term, losing the most favorable opportunity for securing an enlargement of the Alliance without significant Russian opposition. He refused to designate anticipated new members so that they could receive accession facilitation funds the Republican Congress repeatedly provided. Then, after waiting until far more nationalist forces were in the ascendant in Russia, the President used their opposition as a further excuse both to delay the first round of expansion until 1999 and to negotiate it on dramatically unfavorable terms. Laborious negotiations with Russia before, during, and after the Clinton-Yeltsin summit in Helsinki on March 20-21 have resulted in a NATO-Russian "Founding Act"--not subject to Senate ratification--that will be signed on May 27 in Paris. The Founding Act, and the severely limited expansion likely to be approved at the Madrid Summit in July, threaten the candidates for the first round of NATO expansion, those nations excluded from the initial expansion, and the integrity of NATO itself.

Undermining NATO's Structural Integrity.

Ostensibly designed to reassure Russia before expansion decisions are made at the Madrid NATO summit in July 1997, the Founding Act could critically undermine the structure of the existing Atlantic Alliance. Its most troubling feature is the creation of a NATO-Russia Permanent Joint Council at NATO headquarters to supplement the existing NATO Council, the highest decision-making body for the Alliance. It will

comprise the NATO Secretary General, a Russian Ambassador, and a rotating representative of the other NATO powers.⁵

As former Secretary of State Henry Kissinger wrote recently:

“The NATO Council, in which the allies conduct their most sensitive consultations, is to be diluted by the creation of a competing NATO-plus-Russia forum. Russian liaison officers will be attached to the various NATO commands. Henceforth, crises are unlikely to be managed--or even defined--with anything like the previous coherence....From now on, all discussions within NATO--and at every subordinate headquarters--will be influenced by Russian participants whose objectives cannot possibly be the defense of NATO territory.”

And, since the Administration is introducing Russia into NATO's deliberations well before the admission of even the first tier of candidate nations, Russia will in effect enter the NATO decision-making process years before our prospective allies.

Russia and NATO are currently in apparent disagreement over Russia's new role in NATO. President Yeltsin said categorically on the day that the agreement was reached that Russia would enjoy a veto, stating that “[s]hould Russia be against any decision, the decision will not pass”--just as, after the Helsinki summit, he stated that “the way we solve these issues is by consensus. That's how it is today among the NATO countries. And that is how it will be once we conclude an agreement between Russia and NATO.”

The Administration maintains that this veto extends only to joint actions by Russia and NATO, and that both sides will retain their freedom of unilateral action in the event of disagreement. But even if the Clinton Administration's construction of the Founding Act were technically correct, it ignores the clear political ramifications of creating a parallel council with concurrent jurisdiction over the same subject: proposed NATO action.⁶ As Secretary Kissinger wrote shortly after the Helsinki summit,

“Until now, NATO has been a family club where--even with occasional backsliding--common purposes were taken for granted. This is bound to end with Russia's de facto participation. Heretofore, in a crisis, vacillating NATO members took some political risk when they made separate overtures to Russia; henceforth, these will be built into the system of NATO consultations.”

More broadly, the Administration appears to envisage a transformation of NATO from its current form--an alliance committed to the defense of a defined territory against largely identified threats--into a much looser collective-security relationship, without clear territorial definition or commonly-understood threats and interests. Such

⁵ Because the NATO Secretary General is never an American, there will usually be no U.S. representative on the Joint Council if the other NATO slot rotates equally among the sixteen current (and nineteen or more future) NATO members.

⁶ The Founding Act states that “[t]he Permanent Joint Council will provide a mechanism for consultations, coordination, and, to the maximum extent possible, where appropriate, for joint decisions and joint action with respect to security issues of common concern.” Founding Act on Mutual Relations, Cooperation and Security Between NATO and the Russian Federation, p. 6.

organizations, from the League of Nations to the 1925 Locarno Pact between future World War II adversaries Germany, Italy, France, and Britain, to the United Nations, have not kept the peace or secured their members in war.

Second-Class Citizenship for New NATO Members.

Russia has insistently demanded throughout the negotiations that NATO's current members commit in a legally binding fashion never to station nuclear weapons, military bases, or military forces, nor to upgrade military infrastructure, on the territory of even the first round of candidates--Poland, the Czech Republic, Hungary, and possibly Romania and Slovenia--nations that no longer have even a significant common frontier with Russia. In the Moscow agreement, NATO elaborated on the Administration's already conceded "three no's"--that NATO has "no intention, no plans, and no reason" for nuclear deployment in the new member-states, and no current need for "substantial" deployment of combat forces. The Founding Act additionally pledges that infrastructure in the new member-states can be built or upgraded solely to promote better integration and interoperability of NATO forces or to facilitate reinforcement in the event of a crisis--not to station NATO troops there, as they have been stationed for decades in other NATO countries.

Taken as a whole, these limitations--even if expressed in an ostensibly non-binding document--could make the new NATO members second-class citizens. Article V of the 1949 North Atlantic Treaty guarantees that an attack on any NATO member will be considered an attack on all NATO members. But this guarantee is meaningless without the military capability necessary to deter or resist attack. And the dramatic imbalance between the military potential of Russia and all of its neighbors in the so-called "Near Abroad" of the former USSR and the former Warsaw Pact--individually or collectively--means that in future such defensive capabilities could largely depend on the presence of military forces or infrastructure from other NATO members on the territory of the newly-admitted nations.⁷

Moreover, delaying deployment until there is a clear and present danger to the new members--the "strategy of reinforcement" espoused by the Administration and codified in the Founding Act--may fail in such a crisis. As a practical matter, it might be possible for Russian military capabilities to expand incrementally and with little visibility over a course of years, gradually creating a viable threat to the new NATO members. But a Western response could not proceed incrementally or with little visibility. Deployment of NATO troops or weapons to the new member-nations, unlike a gradual Russian buildup, would immediately cross a bright line. As a result, the Alliance would face the dilemma of either deploying troops before a Russian threat had fully matured--a decision that by definition could be denounced as premature--or waiting until a crisis occurred--a decision that would inevitably be inhibited by fear of further escalating the crisis. (Significant upgrading of military infrastructure, of course, could not occur in a crisis.)

⁷ "[A] commitment not to base foreign troops on [the] territory [of new NATO members]...would effectively create a two-tier membership." Lady Margaret Thatcher, Address to the Second Congress of the New Atlantic Initiative, Phoenix, May 17, 1997.

The new NATO members themselves, caught between an existing threat from Russia and the possibility of effective assistance from other NATO members, might be reluctant to solicit or accept such assistance--just as Belgium and the Netherlands refused all offers of Allied assistance during the runup to the Nazi blitzkrieg in May 1940, for fear of further angering the Reich. And such NATO reinforcement could in any event come too late to provide an effective defense of the new members--just as in 1940 British and French forces suffered the greatest military catastrophe ever to befall the Western Allies when, pursuant to the disastrous "Dyle Plan," they advanced into Belgium without any predeployment after the blitzkrieg began.

Despite these compelling arguments against such limitations, the Administration appears to be attempting to give Russia precisely what it wants--binding NATO arms limitations. Rather than writing them into a NATO-Russian treaty, the Administration instead is proposing to write them into a revised version of the 1990 Conventional Forces in Europe (CFE) Agreement that Russia is currently violating. As one high official in the Clinton Administration told the Washington Post on May 3, 1997, "the agreement would respond to Russia's insistence that NATO not move large amounts of equipment into former Warsaw Pact countries. NATO would not agree to any such limitations, but the CFE limits would apply to the individual countries. Thus, if NATO moved, say, 1,000 tanks into Poland, Poland's own forces would have to be reduced accordingly."

In short, it is not surprising that some of the highest praise for the Founding Act has come from the strongest opponents of NATO expansion.

Denying NATO Membership to Those Who Most Need It.

The likely outcome of the Madrid summit--a very restricted expansion of the Alliance--is also a missed opportunity. Though the Administration pays lip-service to the idea that the first round of new NATO members will not be the last, it appears unwilling to support early NATO membership for European nations that need it even more urgently than the three current candidates for admission. Romania, for example, is directly threatened by Russian forces stationed on the territory of neighboring Moldova, and has recently made significant progress in democratization and economic reform. The exposed geographic position of this nation of 23 million people makes it particularly vulnerable to Russian coercion or attack.

And Estonia, Latvia, and Lithuania are even more vulnerable: these three Baltic republics share extensive common borders with Russia, its Belarussian ally, and the Kaliningrad salient now occupied by at least 25,000 Russian troops. Russian officials have frequently threatened all three nations, making illegal military overflights over Lithuania, and attempting to dictate the Baltic nations' treatment of the Russian minorities forcibly settled in the Baltic states during the decades of Soviet occupation. Clearly if need for NATO membership were a criterion, the Baltic republics would rank at the head of the list. Yet the U.S.-Baltic charter being drafted by the Clinton Administration reportedly merely recognizes the Baltic states' "aspirations" to NATO membership, without holding out any assurance that those aspirations would ever be

fulfilled. And on November 24, 1996 then-Defense Secretary William Perry told Baltic leaders in Copenhagen that their nations “are not yet ready to take on Article V responsibilities of NATO membership.” In other words, Perry suggested they were not yet ready for NATO membership because of their inability to contribute militarily to the alliance. Yet it is precisely the relative military weakness of the Baltic states that makes the NATO common-defense guarantee essential to their independence--an independence the United States recognized throughout the darkest days of the Cold War. And the Administration’s purported insistence on military capacity rings hollow in an alliance that welcomed Luxemburg and Iceland as charter members, and vowed to go to war if the USSR attacked militarily indefensible West Berlin.

Despite these strong arguments for a broader expansion at Madrid, the Administration seems likely to support a restricted one. Its reported rationale is revealing: if Romania and Slovenia were admitted in the first round, the question of the Baltic republics would be squarely presented in the second round. By deferring Romania and Slovenia, Administration officials reportedly believe that they can create a respectable roster of second-round candidates even without the Baltic nations, whose membership would be deferred still further.

This strategy reveals the Administration’s fundamental ambivalence to the very idea of NATO expansion, and creates a significant risk that further expansion will not occur. Although all reports confirm that NATO expansion is not an important issue for the Russian public, over the past five years opposition to it has steadily gained strength within the governing elite. There is little reason to think that these attitudes will improve as NATO contemplates expanding across the former USSR state border. And since agreement in 1997 on the first round of will result in actual expansion of the alliance only two years later, in 1999, further rounds of expansion would occur well into the next century. Thus, under the current plan, propitious political conditions in Russia will have to endure for the better part of decade if further NATO expansion is to occur with Russia’s acquiescence. As a result, the window for a smooth expansion of the Alliance may be closing before our eyes.

The Administration has also been remiss in laying the groundwork for what could ultimately be the most important accession to NATO--that of Ukraine, a nation that has surrendered its independent nuclear arsenal to Russia at our insistence, is currently involved in border disputes with Russia, and is key to ensuring an effective military equilibrium in Eastern Europe. Only if this of this large, populous, strategically located nation remains politically and militarily independent can Central and Western Europe be truly secure.

Congress’ Response: The European Security Act of 1997

The correct response to the deficiencies of the Administration’s NATO policy and the “Founding Act” is not to abandon expansion but to improve it. The Founding Act is in its incipiency, and is not binding on the Allies in the same way that the North Atlantic Treaty is. And the pace of expansion can be accelerated. All of the dangers described in

this Report would be exacerbated by abandoning or curtailing existing plans for expansion. Congress must instead work to improve them.

The “European Security Act of 1997” represents a congressional initiative to put NATO policy back on track. Specifically, it has three main components. First, it works to promote the timely expansion of NATO’s membership. It expresses the Sense of the Congress that the Baltic nations and Romania should be admitted to NATO. It requires the President to designate multiple nations as future NATO members eligible for accession facilitation aid (beyond Poland, Hungary, the Czech Republic, and Slovenia--which have already been so designated). Second, it warns that Congress will not approve further revisions of the Conventional Forces in Europe (CFE) treaty that embody Moscow’s demands in the expansion negotiation--including CFE revisions “restricting the construction of defense infrastructure” in newly admitted member-nations, one of the key points in the Founding Act. Third, the bill requires congressional approval of any agreements with the Russians to revise the ABM Treaty on “demarcation” between national and theater missile defense. It expresses opposition to any constraints on theater missile defense systems’ technological capabilities--which could protect American troops in Europe, as well as the citizens and troops of NATO states--including new members in Central Europe.

Conclusion

Congressional Republicans have played the leading role in securing President Reagan’s legacy of victory in the Cold War by integrating newly liberated nations into NATO. Today, the congressional majority must ensure that NATO continues to expand, without conditions that will undermine the structure of the Alliance or the equal rights of its members.

#

Clinton Administration's Own Verdict:
**Damage From 'Citizenship USA' Can
Never Be Undone**

Last year the press revealed rampant corruption and abuse in the Clinton Administration's scandal-wracked "Citizenship USA" program, a blatant attempt to naturalize a million prospective Clinton voters before the Presidential election.

News reports showed: (1) that control of the supposedly non-partisan \$95 million taxpayer-funded initiative was moved from the INS to the Clinton White House; (2) that the Administration turned naturalization over to advocacy groups linked to the Democratic Party; and (3) that the Administration failed to complete FBI background checks for nearly 20% of the record-breaking 1.05 million people naturalized in FY 1996.

In the ensuing scandal, the Clinton Administration repeatedly promised wholesale reforms that would undo the damage from Citizenship USA and prevent future abuses. Now internal reports, outside reviews, and House and Senate hearings have revealed that these were hollow promises. By the Administration's own admission, the program remains a shambles, and the damage it has wrought can never be undone.

"Citizenship USA" and its Aftermath

The abuses in Citizenship USA have been widely reported, and on April 28, 1997 the Justice Department's Inspector General opened a massive investigation into allegations of "mismanagement, misconduct, and illegality" in the program. Members of Congress have asked Attorney General Janet Reno to appoint an Independent Counsel to investigate all aspects of the scandal, including the role of the Vice President--a request she has rejected.¹ In response to the avalanche of criticism, the Clinton Administration has repeatedly promised to tighten screening procedures around the nation and to revoke the citizenship of those improperly naturalized under the program. These promises have not been kept.

"No Assurance That INS Is Not Continuing to Incorrectly Naturalize Aliens"

On November 29, 1996, Doris Meissner, Commissioner of the Immigration and Naturalization Service (INS), issued a memorandum on "Naturalization Quality Procedures" outlining reforms, to be implemented immediately, designed to correct the abuses in the Citizenship USA program. In March 1997 joint oversight hearings before

¹ "Hearing Set on Naturalization Process," Reuters, April 30, 1997. For general background on the program, see "Clinton White House Turns Foreign Crooks Into U.S. Citizens," House Republican Policy Committee Policy Perspective, October 28, 1996.

two House subcommittees, Commissioner Meissner categorically asserted that, although “[w]e made mistakes in Citizenship USA[,] [w]e have corrected those mistakes and put in place a series of new measures to prevent them in the future.”²

On April 17, 1997, the accounting and consulting firm KPMG Peat Marwick completed an exhaustive 140-page survey, commissioned by the Department of Justice, of the INS’ s implementation of the reforms. The survey was based on on-site reviews at each of 24 regional and district offices over the course of five weeks. The offices collectively account for 85% of INS’ naturalization workload.³ Its results were appalling: of the 24 INS offices surveyed, exactly one was found “compliant” with the new procedures. Fifteen--almost two-thirds--were found to be flatly “non-compliant,” and seven were rated “marginally compliant.” As Chairman Abraham of the Senate Immigration Subcommittee stated in oversight hearings on May 1, 1997:

One District Office and two Citizenship USA sites could not produce the particular policy memo they were supposed to be implementing. Numerous offices were sending fingerprint cards to the wrong FBI address, fingerprint cards were completed incorrectly, and worksheets that were required to be dated and initialed showed no evidence of key tasks being completed.⁴

Small wonder the private-sector auditors stated categorically, “*We cannot provide assurance that INS is not continuing to incorrectly naturalize aliens with disqualifying conditions.*”

“A Gaping Loophole” for Fraud

The INS did not issue regulations to secure the integrity of its criminal background checks until *three years* after the Justice Department’s Inspector General and the General Accounting Office warned the INS of what the Washington Post called “a gaping loophole” in its procedures. The gaping loophole was the fact that “[t]he INS, anxious to streamline the citizenship process, began accepting fingerprints handed in by the applicants themselves rather than performing the time-consuming procedure in its offices.”⁵ The result was that aliens with criminal records could easily cheat the system by switching someone else’s fingerprints in place of their own.⁶

But, even after a three-year delay in addressing this critical weakness, the system is still dangerously flawed. The final program does not require the INS or even a law enforcement agency to take the applicants’ fingerprints. Rather, any “Designated Fingerprint Service” certified by the INS--or even one not certified, but which is in the

² Statement of INS Commissioner Doris Meissner before the House Judiciary Committee Immigration and Claims Subcommittee and the Government Reform and Oversight Committee Subcommittee on National Security, International Affairs and Criminal Justice, p.12, March 5, 1997.

³ Statement of Assistant Attorney General for Administration Stephen Colgate, U.S. Justice Department, before the Immigration Subcommittee of the Senate Judiciary Committee, p.7, May 1, 1997.

⁴ Statement of Hon. Spencer Abraham, Chairman, Senate Judiciary Subcommittee Immigration Subcommittee, Hearing on INS Oversight: The Criminal Record Verification Process for Citizenship Applicants,” p. 4, May 1, 1997.

⁵ “INS Says It May Never Find Naturalized Criminals,” Washington Post, May 1, 1997.

⁶ Statement of Hon. Lamar Smith, Chairman, House Judiciary Committee Subcommittee on Immigration and Claims, Hearing on Safeguarding the Integrity of the Naturalization Process, April 30, 1997.

process of applying for certification--would be able to forward the applicants' fingerprints on their own say-so. Worse, the new regulations actually permit such services to employ persons convicted of aggravated felonies and "crimes involving dishonesty."⁷ And the INS list of services with approved or pending applications (i.e., organizations currently authorized to submit fingerprints, since *simply filing an application* qualifies an organization to submit fingerprints) includes liquor stores, hairstylists, photo shops, bridal shops, and advocacy groups. Even Hermandad Mexicana Nacional in Los Angeles, now under investigation for illegal alien vote fraud in the 1996 election, remains authorized to collect applicants' fingerprints.

As a result, Peat Marwick's audit found that the "INS continues to have the most significant control problems with the fingerprint process and the identification of statutorily-barred applicants." The *Washington Post* recently reported:

At the Nebraska Service Center, one of two regional INS facilities in the central United States, 95 percent of the fingerprint cards received during the period under review were rejected because of errors in filling them out, Peat Marwick said. In addition, the center and two others like it were found to be sending fingerprint cards to a "wrong FBI address." Nevertheless, the Nebraska center was rated in "marginal compliance" with the new regulations, while others in California, Texas and Vermont were deemed "noncompliant."⁸

And the Nebraska Service Center is not just any INS facility--it's the site of the nationwide "Fingerprint Clearance Coordination Center" established in June 1996 to upgrade INS processing of fingerprint cards.

Repairing the Damage: "Highly Uncertain," Says INS

In the aftermath of the scandal, the Clinton INS promised to revoke the citizenship of those it had improperly naturalized.⁹ This promise is also being broken. As a result of the Citizenship USA program, 180,000 immigrants naturalized in 1996 did not undergo *any* fingerprint checks for criminal records. Now that these 180,000 have become citizens, the FBI and the INS cannot require them to provide their fingerprints for background checks. The INS has no other practicable way to check them.

Furthermore, according to an internal memo from INS General Counsel David Martin to Commissioner Doris Meissner, "it is highly uncertain that the Department could win or sustain a revocation based on a misrepresentation in the absence of proof of an underlying statutory disqualification. . . ." In other words, even if the INS and FBI could *prove* that newly naturalized aliens *lied on their citizenship applications*, it would

⁷ Id.

⁸ "Audit Faults INS Practices: Criminals May Still Be Getting Citizenship," *Washington Post*, p.A1, April 19, 1997.

⁹ Testimony of INS Commissioner Meissner, *supra*, at pp.11-12, March 5, 1997; letter from Commissioner Meissner to Sen. John Kyl, November 15, 1996, p.3 ("Any instance of improper naturalization is of concern to us. If it is determined that improper naturalization has occurred, we will move quickly to institute denaturalization proceedings.")

be impossible to denaturalize them unless they had also been convicted of a felony-- despite the fact that lying in such circumstances ordinarily precludes naturalization.

In short, the improper naturalizations rammed through the process at the direction of the Clinton White House to assist the President's re-election are permanent. They will never be undone.

Conclusion

In politically abusing the United States agency and system that confers the gift of citizenship, the White House violated one of the most solemn responsibilities of government--and exposed the nation to new criminal predators in the bargain. When the scandal was exposed, the Clinton Administration promised Congress and the American people that the corruption and fraud would cease forthwith. They promised that criminals would no longer be admitted to citizenship. And they promised that those criminals already admitted would be found and stripped of citizenship. None of these promises has been fulfilled; the last, by the Administration's own admission, never will be.

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Celebrating Earth Day 1997

Twenty-seven years of progress

In 1970, the world celebrated the first Earth Day, a day designed to increase the world's awareness of environmental problems. Today, the 27th Earth Day, Americans have every reason to celebrate the United States' environmental progress. Far more than any other country, the United States has demonstrated that political and economic freedom, and the prosperity and technological progress it brings, are the keys to environmental well-being.

The American people have long led the world in cherishing the environment. Part of the reason for this high level of environmental awareness is that Americans--the best-educated, most affluent people in the world--have both the education and the leisure to devote themselves to environmental issues. And they have the freedom to act on their beliefs--in their own choices as consumers in a free marketplace, and in the strong environmental protection that they have supported since Earth Day 1970. Finally, our free-market economy has made possible the astounding technological progress that has dissolved the false choice between economic growth and environmental protection. The quality of the American environment has rapidly improved over the same quarter-century in which the American economy doubled in size and the population of the United States increased by 33%.

Unhappily, the experience of other nations and other systems over the past twenty-seven years has proven the corollary of these lessons: peoples who live without freedom as citizens and consumers will be unable to make the progress that Americans have made. For them, increased economic activity and population growth have indeed been accompanied by accelerating environmental degradation, and a failure not only to develop new means of environmental protection but to use those currently available in democratic capitalist nations.

For America, A Quarter-Century of Environmental Progress

In 1970, Americans used leaded gasoline in their cars, blithely littered our nation's parks and highways, and pumped raw sewage into America's waterways. The residential sector alone, some of which still used bituminous coal for home heating, emitted almost half a million tons of noxious sulfur dioxide into the atmosphere.

Twenty-seven years later--thanks in part to Earth Day--our environment has turned the corner. Even before Earth Day, President Nixon signed the National Environmental Policy Act, requiring federal agencies to weigh the environmental consequences of their actions; in its immediate aftermath, Presidents Nixon and Ford created the Environmental Protection Agency and NOAA and signed the Clean Air and Clean Water Acts, the Safe Drinking Water Act, and the Resource Conservation and

Recovery Act. All told, virtually every major environmental statute except the expensive and ineffective Superfund statute was enacted under those two Administrations--far more environmental protection than had been enacted in the entire previous history of this or any other country. Today, over a quarter-century later, we can see the fruits of these Republican-led efforts: by almost any measurement, America is a far cleaner country than it was in 1970. Airborne lead levels have fallen by 96% since 1975. Emissions of sulfur dioxide, an acid-rain precursor, has fallen by almost a third since 1970, and particulate emissions have dropped by almost 80% over the same period. And water pollution has significantly decreased--both for rivers and lakes and for our coastlines.

Freedom, Prosperity and Technology

More than a quarter century after the first Earth Day, the key determinants of environmental quality are no longer in dispute. First and foremost is political and economic freedom. A free people simply will not consent to live in an unsafe, polluted environment. They will enact and enforce strong environmental protection laws in the political arena, and they will support the environment both in their charitable giving and in their choices as consumers in a free marketplace.

Economic freedom--a capitalist, free-market economy--sustains the environment in other ways:

- Free markets promote more efficient use of resources. As Cento Valjanovski has pointed out, "Mature capitalist economies use fewer resources to produce the equivalent level of output and hence do less damage to the environment."¹ Thus, even though western economies consume more energy per capita, they do it more efficiently and more cleanly than socialist countries, which, per dollar of GNP, consumed almost three times as much energy as capitalist countries.²
- Free markets create the prosperity that underwrites the infrastructure needed for the most basic environmental safeguards. According to environmental expert Indur Goklany, environmental quality indicators such as access to safe water and the availability of sanitation services "improve almost immediately as the level of affluence increases above subsistence."³ By contrast, the poverty and retarded development resulting from unfree markets--central planning, lack of property rights, corruption, the absence of the rule of law--have resulted in much of the third world lacking such basic infrastructure as sewers and waste-water treatment facilities, forcing people to drink from the same bodies where human and industrial wastes are discharged. In many third

¹ Cento Valjanovski, Foreword, *The Wealth of Nations and the Environment*, Mikhail Bernstam (London, IEA 1991), p. 7.

² Fred Smith, "Epilogue: Reappraising Humanity's Challenge, Humanity's Opportunities," *The True State of the Planet*, Ron Bailey, ed. (New York: The Free Press 1995) p. 385.

³ Indur Goklany, "Richer Is Cleaner: Long-Term Trends in Global Air Quality," in Bailey, ed., pp. 342-343.

world nations, children must drink water that is of lower quality than the process effluent coming from American factories.⁴

Free markets create the technological innovation needed to protect the environment. New cars today, for example, emit 97% fewer hydrocarbons and carbon monoxide than the vehicles produced in the 1960's, and automotive pollution-control technologies are continuing to improve. As a result, although vehicle miles in the United States doubled from 1975 to 1990, total emissions of such major pollutants as VOCs and carbon monoxide have dropped precipitously over the same period--by 50% or more over two decades, according to EPA estimates. By the same token, although electricity generation and use in the United States have increased, more efficient power plants use less coal to generate electricity, and improvements in pollution-control technology have made it possible to cut emissions drastically--by 99% in the case of particulates, for example.⁵

In short, "[p]rosperity is not only compatible with a clean environment, it is environmental protection's necessary precondition."⁶

A Cautionary Tale: Unfree Societies and the Environment

Tragically, the evidence is also clear about the environmental impacts of dictatorship and unfree markets. The environmental havoc wrought by Soviet-style central planning and dictatorship in the former Warsaw Pact countries is now generally conceded.⁷ And the most environmentally dangerous places on earth are not the economic powerhouses of the G-7 but the least developed countries. 1.3 billion third-world residents breathe dangerously unsafe air, and a billion drink unsafe drinking water. In 1993, four million children under the age of five in the developing world died of acute respiratory disease caused in the majority of cases by air pollution--more than the total number of deaths at all ages and from all causes in both the United States and the European Union. Another 3.8 million young children died of diarrhea stemming largely from polluted drinking water.⁸

All of the ten cities commonly listed as the most polluted in the world are outside the so-called First World, and fully half of those are in Communist China. Dhaka, the capital of Bangladesh, "has the highest count of lead in the air among the most polluted cities." And lead is not just any pollutant--it has been proven to take IQ points away from children.⁹ In New Delhi, the world's second most polluted city, 7,500 inhabitants die annually of respiratory illness, mainly caused by vehicle emissions and industrial smog.¹⁰ Unsurprisingly, all ten of these cities are located in countries lacking many of the basic economic and political freedoms necessary for environmental protection.

⁴ Gregg Easterbrook, "Forget PCB's. Radon. Alar.," New York Times Magazine, September 11, 1994, pp. 60 et seq.

⁵ Goklany, in Bailey, ed., pp.346-7.

⁶ Joseph Bast, Peter Hill, and Richard Rue, *Eco-Sanity: A Common Sense-Guide to the Environment*, (London, the Heartland Institute, 1994) p. 230.

⁷ See, for example, "The Challenge to Our Earth," House Policy Committee, April 21, 1996).

⁸ Easterbrook, pp. 60 et seq.

⁹ Inam Ahmed, "Environment: Dhaka media fumes at unleaded air," Inter Press Service, March 15, 1997.

¹⁰ Julian West, "Delhi bans smokers as pollution solution," The Telegraph Group Limited, February 9, 1997.

The experience of East and West Germany is particularly instructive in this matter. East Germany, although poorer than West Germany, used far more energy than its capitalist cousin--40% more on a per capita basis and over three and a half times as much per dollar of GNP.¹¹ Furthermore, the air in West Germany--as measured by carbon monoxide levels--was affirmatively cleaner than East Germany, and, in contrast to East Germany, was getting steadily cleaner when the Cold War ended in 1989. From 1980 to 1990, the last decade of the Cold War, carbon monoxide levels rose by 6.5% in East Germany, while West German levels shrunk by 39%. This East German figure is especially telling because, thanks to improved automotive technology, carbon monoxide levels were generally dropping in this period. Since Germany was reunited, carbon monoxide levels have continued to fall--this time, in the east as well as the west.

Communist China: The Worst of All Worlds

Communist China--home of five of the world's ten most polluted cities, and currently the world's leading example of state control over economic and political life--poignantly illustrates the linkage between lack of freedom and environmental devastation. At a time when both the environment and the cause of global freedom are--not coincidentally--improving, the environmental situation is worsening in Communist China. According to environmental writer Gregg Easterbrook, the 25 billion tons of unfiltered industrial pollutants that the Chinese sent into their waterways in 1991 gave Communist China "more toxic water pollution in that one country than in the whole of the Western world."¹² In the Chinese capital itself--one of the ten most polluted cities in the world--annual average sulfur dioxide levels are twice the maximum set by the World Health Organization, while particulates are four times the WHO maximum level.¹³ Acid rain occurs across a quarter of the nation, and some 400 animal species are seriously endangered.¹⁴ Nearly 80% of China's lakes and rivers are polluted.¹⁵ Chongqing, perhaps China's most polluted city, is plagued with sulfur dioxide-laced acid rain. The myriad environmental disasters facing China have earned it the appellation "the Pollution Superpower." Unsurprisingly, Communist China lacks both the factors necessary for ecological improvement--economic and political freedom. As a result, the double-digit economic growth China is now experiencing is unaccompanied by the kinds of environmental progress that a free citizenry would demand.

¹¹ Smith, in Bailey, ed., p. 385.

¹² Easterbrook, p. 60.

¹³ Andreas Landwehr, "Beijing Holds Its Breath," Deutsche Presse-Agentur, April 24, 1996.

¹⁴ "Cleaning Up China," South China Morning Post, November 3, 1995.

¹⁵ "Chinese Balk at Sacrifices for the Environment," UPI, August 3, 1995.

Conclusion

Economic and political freedom is the key to environmental progress. Without it, the false dichotomy between economic growth and a cleaner environment will continue to bedevil the people of the world's poorest countries.

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Missile Defense and The Helsinki Summit

At the U.S.-Russian summit meeting in Helsinki on March 20-21, President Bill Clinton and Russian President Boris Yeltsin are scheduled to discuss proposals that could dramatically limit our ability to defend the territory and people of the United States, our troops, and our allies. These dangerous proposals, about which Congress has not been consulted, come at the same time that missile threats against the U.S. and our allies are escalating.

Limiting U.S. theater missile defenses, or expanding the outmoded ABM Treaty to include new parties, would be fundamentally inconsistent with the national security of the United States.

Dictatorships across the globe are currently working to produce or acquire weapons of mass destruction, and the missile technology to deliver them. The vast missile arsenal of the former Soviet Union--the largest in the world--is under increasingly insecure control and potentially available to Third World nations. And potential adversaries, including the People's Republic of China, are steadily increasing their missile development and procurement efforts.

These developments will soon enable as many as two dozen nations to threaten the destruction of American cities. As a result, effective missile defenses are needed to protect the American people from this growing threat to U.S. territory.

Today, long-range and theater missiles already threaten U.S. troops in South Korea and Japan; our forward-based air and naval forces in Northeast Asia, the Mediterranean, and the Persian Gulf; and key U.S. allies like Israel, South Korea, and Taiwan. For these reasons, theater missile defenses are critically needed *now* to protect our forces and our allies from very real danger.

Within recent days, published reports have indicated that the Clinton Administration is pursuing negotiations with Russia that could drastically undercut U.S. defenses. Congress has not been consulted on the Clinton Administration's reported plans to propose in Helsinki that the quarter-century old ABM Treaty be expanded to include new signatory countries. This relic of our Cold War confrontation with the Soviet Union is dangerously outmoded. Yet if the published reports are true, the Clinton Administration is seeking to *extend* it, imposing its outmoded terms and technology restrictions on new nations not militarily aligned with Russia.

Neither has Congress been consulted on a reported Clinton Administration attempt to conclude a further agreement with Russia that would expand the definition of

missile defenses restricted by the 1972 ABM Treaty. As written, the ABM Treaty does not cover theater missile defenses. The Administration is now proposing to Russia that it should. Without any warrant in the language of the Treaty, their proposal is to extend ABM restrictions to theater defenses such as the Army's Theater High Altitude Area Defense (THAAD) and the Navy's Upper Tier. These revisions would seriously impair the development, fielding, and operation of U.S. theater missile defenses. They would also impose crippling new limits on the performance and velocity of theater missile interceptors, on sensors supporting those interceptors, and on the testing and deployment of theater missile defense systems.

The obsolescent terms of the ABM Treaty should not be extended to new countries and new categories of technology. The ABM Treaty was premised on the notion of "Mutual Assured Destruction" (MAD), and a precarious balance of terror between two hopefully rational superpowers. Today, as dozens of nations and even rogue terrorist organizations are acquiring nuclear and chemical weapons mounted on missiles, adherence to MAD is itself the definition of madness. Instead of restricting purely **defensive** systems, America should provide its citizens and troops protection against terrorist attacks.

Nowhere is this more true than in the case of theater missile defense, which is reliable, available, and affordable. New international agreements are not required to develop, test and deploy effective theater missile defense systems, because no existing international agreements now restrict such activities. What is needed is that which the Clinton Administration may well give away in Helsinki--a willingness to protect our territory, our troops and our allies from ballistic missile attack.

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A Global Free Trade Zone on the Internet

Good for America, Good for the World

The Clinton Administration, recognizing the rapid growth and vast potential of the Global Information Infrastructure, informally known as the Internet, has just issued a 24-page draft "Framework for Global Electronic Commerce," laying out the principles that will guide the Administration's policies towards the developing global network. One of the policies proposed in the draft strategy calls for making the Internet a global free trade zone. This idea, if implemented, would benefit the Internet, the United States, and the cause of free trade everywhere.

The Internet -- A New Frontier

The Internet promises to become a completely new way of conducting commerce, one that would have been unimaginable to most people a few years ago. Because the Internet allows the dissemination of ideas and information anywhere in the world cheaply and immediately, it has enormous commercial potential. As the Internet develops it will continue to bring more services and products to more people, and often do it faster, easier, and cheaper than current market mechanisms. But the Internet will not develop this extraordinary potential if it is shackled by government regulation and taxes. Above all, it is vital that the Internet remain duty-free, so that its international character remains intact.

Shrinking the Trade Deficit

A global free trade zone on the Internet would have immediate advantages for the United States. The United States excels in the information and media services that preponderate on the Internet. In 1995, U.S. exports associated with licensing fees and royalties earned over \$25 billion, while U.S. imports totalled only \$6.5 billion in the same categories. This represented the United States' largest net surplus among all categories of goods and services offered.

As the capabilities of the Internet continue to grow, the long-term economic benefits to America from a global free trade zone will increase even more. As films, books, and music become available via the Internet, the U.S. will gain the most, because America produces the entertainment products most in demand throughout the world. American intellectual property developers will be able to distribute their products without having to worry about the content quotas or high tariffs that currently impede the shipment of such exports.

At the same time it helps American companies and their workers who sell services and goods around the world, making the Internet duty-free will also benefit American consumers buying goods from abroad. One reason this is so is that more Americans use the Internet than citizens of any other nation. Of the 35 million people currently using the Internet, 13.5 million of them are Americans--over a third of the total. The absence of tariffs on the Internet will thus disproportionately benefit the American consumer.

Freeing the World

The Internet promises benefits around the world beyond hi-tech free enterprise. It is, and will be increasingly, a great democratizing force. The world's largest Communist dictatorship, the People's Republic of China, is for this very reason working hard to keep its citizens away from the Internet. The Communist Chinese authorities have instead established an 'Intranet,' which allows communication only among approved users who share Communist-approved content. The Communist Ministry of Post and Telecommunications supervises and approves all networks. As servers around the world produce ever more web sites dedicated to the free discussion of ideas, Communist China's retrograde gerontocracy will rightfully become increasingly terrified.

Free trade will facilitate the growth of the Internet, which will in turn make it increasingly difficult for repressive governments such as Communist China's to choke off access. The growth of the Internet will thus promote democratic ideas not only in addition to, but because of, the fact that it is a global free-trade zone.

Promoting Prosperity at Home and Abroad

The Internet is already the vehicle for the exchange of over half a billion dollars worth of services and goods internationally. That volume is growing so rapidly at present it cannot be reliably measured on a day-to-day basis. Its commercial potential is greater than that of any previously existing medium of trade.

Since the Internet is a new medium of commerce, unimaginable to most people before this decade, keeping it free of trade barriers would establish the precedent of keeping new areas of commerce unrestricted. As we head into an unknowable future, with vast arrays of potential commercial media, exploring their potential requires that they be permitted to develop rather than suffering crib death under the burden of taxes, regulations, and tariffs. Establishing a duty-free Internet is a first step in this right direction.

Furthermore, it is far easier to keep a new trade medium free of trade barriers than it is to eliminate pre-existing barriers. Keeping the Internet free of trade barriers now will be far easier than attempting to dismantle them further down the line. And it is a fact that the imposition of tariffs on services and products ordered and delivered over the Internet is far more difficult as a practical matter than taxing conventional means of exchange.

A duty-free Internet also advances the causes of free trade and increasing standards of living by creating a comparative advantage for people and firms that produce

competitive, high-quality services and goods that will be in demand without protective tariffs. A truly free market on the Internet will encourage commerce to use this newer means of exchange instead of older, slower, less efficient media, and this in turn will hasten the technological progress and development of the Internet. More important, it may encourage governments to eliminate or reduce existing tariffs on non-digital transactions. A duty-free Internet could therefore ultimately advance the cause of free trade far beyond the deregulation of any existing medium.

Conclusion

According to Internet expert Nicholas Negroponte, "The change from atoms to bits is irrevocable and unstoppable." Based on such wisdom, many have falsely assumed that the Internet can do nothing but expand and become ever-more efficient. Unwise taxation and regulation of the Internet can cripple this dynamic new medium in its infancy. Removing trade barriers on the Internet, however, will help this medium realize its potential and permit the United States and the world to reap vast benefits. Congress and the Administration have the opportunity to work together to make this a reality. There is no time to lose.

#

How the ABA Became a Left-Wing Lobbying Group

Anti-Death Penalty Stance Only Latest Evidence

For decades, the American Bar Association (ABA) has held itself out as the voice of American lawyers. Based on its presumed non-partisanship and apolitical expertise, its views have received wide deference. And since the days of President Eisenhower, this deference has included a formal role in advising the President and the Senate as they select and review nominees for lifetime appointments to the federal courts. Unfortunately, this deference is unwarranted. In recent years, however, the ABA has adopted policy positions that are blatantly partisan, outside its area of expertise, or both--triggering a massive loss of membership. The ABA's latest political push--a call for a nationwide moratorium on the death penalty--is only an introduction to how out of touch the ABA really is.

Significantly Left of Clinton

On February 3, 1997, at the ABA's mid-year meeting in San Antonio, the ABA's policy-making House of Delegates voted 280-119 to end the execution of violent criminals "unless and until greater fairness and due process prevail." The ABA's action was taken over the vehement opposition of its own current President Lee Cooper and the Clinton Administration, which sent Deputy Attorney General Jamie Gorelick and other Justice Department officials to San Antonio to oppose it. The ABA simply brushed aside warnings by its own President that the resolution was a covert call for abolishing the death penalty itself, and by Deputy Attorney General Gorelick that the resolution could prejudice pending cases involving domestic terrorism--like the terrorist massacre in Oklahoma City.

Indeed, the ABA's action was described by proponents as largely a response to antiterrorism legislation enacted by overwhelming bipartisan majorities in the House and Senate in response to the Oklahoma City massacre. The key reform in that legislation--and the provision that apparently triggered the ABA's action--limited abusive and repetitive death penalty appeals that routinely consumed decades. It was based on recommendations prepared by a commission chaired by former Supreme Court Justice Lewis Powell, and was unanimously affirmed by the Supreme Court last year(1).

Unfortunately, the ABA has instead chosen to embrace discredited arguments repeatedly rejected by bipartisan majorities in Democratic and Republican Congresses, by Presidents of both parties, and by the Supreme Court. The ABA delegates claimed that the death penalty was imposed in a "haphazard maze of unfair practices" creating an unacceptable risk that innocent defendants would be executed-- despite what Justice

Powell described as "unprecedented safeguards" imposed by the Court in capital cases, which "ensure a degree of care in the imposition of the sentence of death that can only be described as unique." (2) They reiterated claims that alleged racial disparities invalidated the death penalty--claims rejected by the Supreme Court in *McCleskey v. Kemp* in 1987 (3). They argued that the 1996 bipartisan habeas corpus reforms, together with Congress' decision to cut funding for death-penalty appeals, so undercut the fair representation of capital defendants as to make imposition of the death penalty unacceptably risky--even though the 1996 provisions for expedited procedures only permit states to use them if they also establish minimum standards for death-penalty counsel and guarantee that they would provide trial counsel for indigent capital defendants.

The challenge to the new law was brought by a prisoner convicted *14 years ago* of kidnaping, beating, raping and murdering a teenage college student working as a waitress. He committed the crime in 1981, was convicted in 1983, appealed his conviction six times in state and federal court, and had his appeals twice rejected by the Supreme Court before arguing that the antiterrorism reforms would unfairly limit his right to appeal.

These arguments also ignore recent, exhaustive analyses of capital convictions that have completely discredited claims that innocent prisoners have been routinely--or even infrequently--executed. For example, in 1993 Professor Paul Casell of the University of Utah Law School, formerly a federal prosecutor and Associate Deputy Attorney General, reviewed the evidence in testimony before the Senate Judiciary Committee, concluding flatly that "there is absolutely no credible evidence proving that an innocent person has been executed in at least the last 50 years."

Similar arguments on racial disparity were used to support the so-called Racial Justice Act of 1992, opposed by the National Association of Attorneys General and crime victims and law enforcement organizations across the country.

The ABA's action shows how far outside the mainstream it has become. The ABA is clearly out of line with America's lawyers, the American people, and the Clinton Administration itself (4).

The ABA's Pronounced Move to the Left

The death penalty moratorium is only the most recent example of the ABA's self-marginalization and bias. The politicization of the ABA has been evident for a long time, beginning well before its then-President George Bushnell called the Republican majority in the 104th Congress "reptilian bastards."

In the past few years, the ABA has endorsed funding for the National Endowment for the Arts (with no restrictions); endorsed single-payer, Canadian-style health care plans (and later, as a fall-back position, the Clinton health care plan); endorsed the most extreme forms of racial set-asides; and opposed almost every element of the Contract With America that they considered.

The ABA's opposition to the latter included taking positions against regulatory reform, medical malpractice reform, product liability reform, effective death penalty reform, an end to frivolous prison litigation, and mandatory minimum sentences for drug and firearm offenses. And it included working to defeat the Securities Litigation Reform Act, which, nonetheless, won bipartisan veto-proof majorities in both the House and Senate.

In 1992, the ABA gave Anita Hill a special award for her "key testimony" against Supreme Court Justice Clarence Thomas. In that same year, ABA President Talbot D'Alemberte, on behalf of the ABA, wrote then-Presidential candidate Bill Clinton to excoriate Bush Administration efforts to fight crime. The ABA denied Vice President Dan Quayle an opportunity to address the ABA convention. And D'Alemberte called the Bush Administration's litigation reform efforts, presided over by former U.S. Court of Appeals Judge Kenneth Starr, "silly rhetoric."

The politicization of the ABA started in its House of Delegates. Historically, the House of Delegates restrained its advocacy to issues of special importance to its membership, stepping outside of this role only rarely to offer special expertise to legislators on complex legal issues. But today the House of Delegates' liberal agenda includes more than 750 policy positions--a book-length tome of some 100 pages. Most of these positions fall well outside the expertise of a professional association for lawyers, comprising instead a laundry-list of left-wing liberalism.

Emblematic of just how far the ABA has strayed from its presumed expertise, and how willingly it now becomes involved in every partisan escapade, is its formal opposition to the historic Medicare reforms included in the Balanced Budget Act of 1995. The ABA, echoing the AFL-CIO, dishonestly labeled the proposed Medicare spending increases "drastic cuts"--following the Clinton Administration's script to perfection. Likewise, the ABA either opposed outright or had "concerns" about every major element of the historic welfare reform law.

The ABA even opposed legislative efforts to end "welfare for lobbyists" (the Istook-McIntosh-Ehrlich bill)--small wonder, since their taxpayer-supported arm has a line-item for "government affairs," which is a euphemism for lobbying.

The ABA either opposed outright or had "serious concerns" about the historic illegal immigration reforms passed by the House and Senate. They specifically opposed efforts to more swiftly deport criminal aliens in both the immigration and anti-terrorism bills. Naturally, the ABA opposed California's landmark Proposition 187 immigration reforms, approved by the voters 2-1.

The House of Delegates, which adopts these positions without any attempt to proportionately represent the views of the ABA's membership, is stacked with special interests. The delegates are not allocated by weight of membership of their state and local associations, and there is no one-person-one vote principle. For example, the Florida Bar Association, with 40,000 members, recently had only eight delegates--one for every 5,000 lawyers--while small groups such as the National Lesbian and Gay Law

Association were granted one delegate for as few as 160 ABA members. (This disproportionate influence is magnified further by the fact that some lawyers are members of several represented groups.) Each of these special-interest delegates is entitled to vote on every aspect of the ABA agenda. 4. The report accompanying the moratorium resolution conceded the total irrelevance of the ABA's positions to the current political consensus: "Not only have the ABA's existing policies [calling for various limitations on the death penalty] generally not been implemented, but...more critically, the federal and state governments have been moving in a direction contrary to these policies."

The ABA's Taxpayer-Funded Lobbyists

To support the House of Delegates' left-wing agenda, the ABA maintains 10 paid lobbyists. Their full-time occupation is putting behind-the-scenes pressure on the people's elected representatives to enact into law the ABA's over 750 legislative positions. The ABA's endorsement of a death penalty moratorium means that these lobbyists will soon be pressing Congress to annul the historic, bipartisan death penalty reforms adopted just one year ago.

The ABA's Fund for Justice and Education receives \$13 million from the government. It then spends \$6 million--nearly half its taxpayer funding--on "public service, governmental affairs." Until her recent appointment to a Clinton Administration post, Democratic lawyer Brooksley Born chaired this taxpayer-funded special interest lobby for three years.

A large number of ABA members are understandably opposed to the advocacy of liberal issues that divide, rather than unite, the legal profession. As former Assistant U.S. Attorney General Ted Olson notes, the ABA's left-wing political activism creates a wrenching dilemma for those lawyers who wish to participate in the organized bar:

On the one hand, I want to continue to be a part of an organization such as the ABA, and I would hate to leave the power and authority of the ABA in the exclusive control of those who represent wholly different points of view than mine. On the other hand, I hate giving my resources--especially my time and name--to an organization that persists in taking positions with which I do not agree and on subjects with respect to which I do not need a spokesperson or advocate.

At an increasing rate, members have decided that the latter concern is of most significance. Since 1992, the ABA has suffered a net loss of some 20,000 members. In the midst of the ABA's partisan assault on the newly-elected Republican Congress, during the 1994-1995 membership year alone, there was a 15.9% decline in membership. Unfortunately, these developments have left the American Bar Association far less representative of American lawyers, and even more liberal, than ever before.

The ABA's Increasingly Illegitimate Role in Judicial Selection

In 1953, President Eisenhower--not a lawyer himself--invited the ABA to serve in a quasi- official role in reviewing judicial appointments. Its job, executed through its

Standing Committee on the Federal Judiciary, was to provide objective, non-partisan peer review of individuals nominated to serve on the federal bench, strictly limiting the evaluation to "professional qualifications."

Since Eisenhower, every President and Congress, to a greater or lesser extent, has solicited the Standing Committee's evaluations. Moreover, those evaluations are often outcome-determinative. Judicial nominees rated "Not Qualified" by the ABA are almost always withdrawn by their sponsors, giving the ABA a "de facto" veto power. At the same time, however, the ABA's steady drift leftwards during the last 20 years has increasingly politicized its evaluations.

Indeed, the ABA has even altered its rules to allow itself greater leeway to be overtly political. When President Eisenhower asked the ABA's advice, its rules prohibited political or ideological tests, and restricted judicial evaluations to a nominee's "competence, integrity, and judicial temperament." But in 1980, the ABA changed its rules to read: "The Committee's evaluation of potential nominees to these courts is directed *primarily* to professional qualifications" (emphasis added.) They then repealed the requirement that the ABA shall "not attempt to investigate or report on political or ideological matters with respect to the prospective nominees." The new rules authorized the ABA to investigate and comment on a prospective nominee's political or ideological philosophy if (in their obviously subjective judgment) he or she holds "extreme views." And they added such nebulous criteria as "compassion" and "sensitivity," giving plenty of cover to political panelists. As Judge Laurence Silberman trenchantly observed, "insensitivity" became a code word for "political views identified with the conservative wing of the Republican Party," or alternatively, "notions of judicial restraint."

After 1980, as a result of these purposeful rule changes, ideology and politics were expressly introduced into ABA evaluations. In 1987, acting under their nebulous new standards, four of the ABA's panelists evaluated U.S. Court of Appeals Judge Robert H. Bork--who had never once been reversed by the Supreme Court--as "Not Qualified." Yet Bork had attained the summit of his profession in each major area of legal endeavor--as a partner at a renowned national law firm, as a tenured professor at Yale Law School, as Solicitor General of the United States, and as a federal appellate judge. One of the four panelists who flunked Judge Bork now serves as ABA President-Elect. He is Jerome J. Shestack, a longtime supporter of Senator Joseph Biden, the Democrat Senator who led the political assault on Judge Bork, and who disingenuously called the House of Delegates' resolution favoring a death penalty moratorium "not political."

In 1988, the ABA again changed its rules to permit consideration of political or ideological philosophy whenever it "may bear upon other factors." With this change, any patina of objectivity was lost. The matter reached its ultimate logical conclusion in 1989, when even that restriction on consideration of "political or ideological philosophy" was dropped altogether. The current rules simply explain that the Standing Committee will continue to evaluate judicial nominees exactly as it has in the past.

In truth, the Committee's institutional biases are now so clear that they require little overt expression. Witness the partisan political involvement that now seems to be a

prerequisite for service on the Standing Committee. The *Washington Post* recently browsed through FEC reports and found that despite longstanding rules prohibiting political activity by committee members, 11 of the 15 ABA panelists who evaluate judges have contributed to national political candidates and causes since 1991. Democrats received 450% as much of this ABA political money as Republicans. In the past five years, two of the Committee's members alone showered Democrat politicians with \$25,000 in cash contributions. Three of the current Committee members have violated the requirement not to "contribute to any federal election campaign or political activity" during their tenure.

Liberal ABA = Liberal Judges

Thanks to the ABA's liberal bias, left-wing judicial activists are routinely favored over nominees who believe judges should interpret the law, not make it. Consider:

1. With similar qualifications, liberals get higher ABA ratings. An analysis by Daniel E. Troy, a partner at the D.C. law firm Wiley, Rein, and Fielding, compares ratings given to some of the strongest judges on the U.S. Court of Appeals for the D.C. Circuit to the ratings given liberals with similar qualifications. The liberals invariably received higher ratings.

For instance, Patricia Wald--a liberal Carter appointee--had eleven years' experience in "public- interest" law before joining the Carter Administration for one year. Laurence Silberman, a conservative Reagan appointee, had a twelve-year career in private practice, as well as serving as the Labor Department's Solicitor and Under Secretary, and as Deputy Attorney General of the United States. Wald received the rating "Well Qualified." Silberman received a tenuous "Qualified/Not Qualified" rating.

Or consider the cases of James Buckley and Abner Mikva. Mikva, a liberal Carter appointee, worked in private practice for 18 years (during 10 of which he had also served as a Democrat member of the Illinois legislature). He served as a liberal Democrat in Congress for nine years, and then as a lecturer at Northwestern University for two years. Buckley, a conservative Reagan appointee, worked for seven years in private practice, and served for six years as a conservative Republican in the U.S. Senate. He also served as Undersecretary of State, and as President of Radio Free Europe/Radio Liberty. Mikva received the ABA's highest rating; Buckley received a "Qualified/Not Qualified."

These examples could be multiplied many times over. Guido Calabresi, Ralph Winter, Diane Wood, Richard Posner, William Fletcher, and John Noonan are all distinguished academics. But Clinton nominee Calabresi received a split "well qualified/qualified" rating, while Reagan nominee Winter, his colleague at Yale Law School, received only a "qualified" rating. Clinton nominees Wood and Fletcher were rated "well qualified"; Reagan appointees Posner and Noonan received split "qualified/not qualified" ratings.

As President, Bill Clinton even managed to receive a "Qualified" rating from the ABA for nominee Charles "Bud" Stack, whose main qualification for the U.S. Court of Appeals was his success as Clinton's seven-million-dollar Florida fundraiser. Stack's

knowledge of constitutional law was so scanty that he couldn't answer the Senate Judiciary Committee's questions to him about landmark Supreme Court cases of recent years, because he never heard of them.

Not surprisingly, the Clinton Administration is quite fond of its track record with the ABA, often claiming that their appointees receive higher ratings than those of Presidents Reagan and Bush. With left-wing friends like the politicized ABA Standing Committee, it's small wonder.

2. The ABA's left-wing bias has a chilling effect on judges supporting judicial restraint. When judges refuse to advocate the ABA's liberal agenda, or simply recuse themselves from ABA proceedings, they know full well they may be sacrificing their future ABA ratings. As Judge John Walker of the Second Circuit Court of Appeals has said: "[O]ne should understand that the ABA and the judiciary, particularly the federal judiciary, have had long-standing connections and interrelationships. Just as the Senate Judiciary Committee is well aware of the role that the ABA's Standing Committee on the Federal Judiciary has played over the years in rating candidates for federal judicial office, the committee is also aware that judges have traditionally been active members of the ABA."

Former U.S. Attorney General Dick Thornburgh is still more direct. By taking positions on so many highly-charged issues, the ABA fosters a view that it "will look more favorably on judicial candidates whose views are aligned with 'the ABA view.' "

Conclusion

The politicization of the ABA, its Presidents, its House of Delegates, and its judicial review process has squandered its credibility both with the public and with its dwindling membership. The ABA's call for a moratorium on the death penalty is just another indication of how far out of step the ABA is with mainstream America. This effect has been magnified by the mass resignations from the organized bar by lawyers and judges repelled by the Association's blatant political bias. This week's action on the death penalty--denounced by both the Clinton Administration and the Congress--will only serve to marginalize the American Bar Association even more.

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